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HEADQUARTERS UNITED STATES MARINE CORPS  
3000 MARINE CORPS PENTAGON  
WASHINGTON, DC 20350-3000

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2 OCT 2008

MARINE CORPS ORDER 7300.21A

From: Commandant of the Marine Corps  
To: Distribution List

Subj: MARINE CORPS FINANCIAL MANAGEMENT STANDARD OPERATING  
PROCEDURE MANUAL

Ref: (a) 31 U.S.C. 1517  
(b) DOD 7000.14-R, "Department of Defense Financial  
Management Regulations (FMRs), Volumes 1-15,"  
dates vary per volume  
(c) NAVMC 2664  
(d) SECNAV M-5210.1  
(e) NAVMC DIR 5210.11E  
(f) Statement of Federal Financial Accounting Standards  
Number 4, "Managerial Cost Accounting Concepts and  
Standards for the Federal Government," July 31,

1995

(g) MARADMIN 320-03  
(h) NAVPUBINST 5605.20 (NOTAL)  
(i) DODI 4000.19, "Interservice and Intragovernment  
Support," August 9, 1995  
(j) 41 U.S.C. 23  
(k) Marine Corps Acquisition Procedures Supplement  
(l) Federal Acquisition Regulation  
(m) Defense Federal Acquisition Regulation Supplement  
(n) NAVSO P-2471 (NOTAL)  
(o) P.L. 103-335  
(p) P.L. 97-177  
(q) P.L. 100-496  
(r) MCO P5090.2A  
(s) DODI 7310.1, "Disposition of Proceeds from DOD  
Sales of Surplus Personal Property," July 10, 1989  
(t) 5 U.S.C. 5515

Encl: (1) Financial Management Standard Operating Procedures,  
Guidance and References

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distribution unlimited.

1. Situation. To publish policy which provides comptrollers and fund managers with standard operating procedures pertaining to the preparation, recording, reconciling, reporting and maintenance of financial records through all stages of funds management.

2. Cancellation. MCO P7300.21.

3. Mission. To direct the adoption and exercise of financial management principles and procedures in striving towards effective and efficient financial operations which support organizational objectives.

4. Execution

a. Commander's Intent. Demonstrate financial excellence via improved policy and guidance in order to develop and sustain workforce competence, comply with applicable laws and regulations, and employ best practices that more effectively and efficiently support the Marine Corps in meeting its mission objectives.

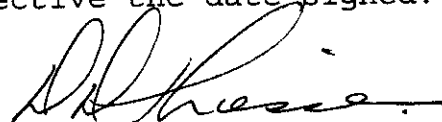
b. Concept of Operations. This Order is directive in nature and encompasses the principles and procedures for funds management as contained in the Department of Defense financial management directives.

5. Administration and Logistics. Recommendations concerning the contents of this Order may be forwarded to CMC (RFA) via the appropriate chain-of-command.

6. Command and Signal

a. Command. This Order is effective to the Marine Corps Total Force.

b. Signal. This Order is effective the date signed.



D. D. THIESSEN  
Deputy Commandant for  
Programs and Resources

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Chapter 1  
Responsibilities

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## Chapter 1

## Responsibilities

1000. GENERAL. The legal and administrative responsibilities of funds are inherent at all levels of command. This chapter outlines the financial accounting duties and responsibilities of comptrollers and fund managers. This chapter also addresses the role and general responsibilities of the Defense Finance and Accounting Service (DFAS).

1001. LEGAL AND ADMINISTRATIVE RESPONSIBILITIES. U.S. Marine Corps philosophy is based upon the principle that financial management is inseparable from command. Funding and its availability are essential for commanders to perform their assigned missions. Commanders or others designated have legal and/or administrative responsibility for funds granted. (See Appendix D for an accounting network and fund holder organization chart.)

1. Legal responsibility over appropriated funds is cited in Section 1517 of reference (a). Violations of this code are incurred for over-obligating or over-expending funds granted. Volume 12 of reference (b) contains guidance on administrative and legal control over funds and should be requisite reading for all personnel with fund management responsibilities.

2. Reference (c) contains legal and administrative responsibilities of commanders concerning financial management.

1002. COMPTROLLER FUNCTIONS AND RESPONSIBILITIES. Financial information is monitored and coordinated by the comptroller and his/her staff in order to provide the Commanding General or Officer with factual data essential for effective management control of the Command. Financial Management Resource Offices (FMRO) have been established within the comptroller's office to assist with the duties associated with fund manager oversight. Resource Evaluation and Analysis (REA) has been established to provide commanders with a valuable resource management tool to effectively and efficiently ensure adequate internal management controls are in place. Responsibilities of the comptroller include:

1. Providing technical guidance and direction of financial matters throughout the organization as a staff service to the Commanding General or Officer.

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2. Maintaining classification of programs administered and their objectives and a current inventory of budget plans and program schedules.
3. Performing applicable budget formulation, execution, and review functions for future, current, and expired fiscal years.
4. Providing guidance to fund managers responsible for the administration of travel payments (i.e., advances and settlements).
5. Maintaining customer service representative support for the Defense Civilian Pay System (DCPS).
6. Promoting economy and efficiency in the performance of assigned programs.
7. Ensuring budget authorizations and allotments are passed to subordinate commands in a timely manner.
8. Maintaining oversight of transactions posted in the accounting system to ensure validity and accuracy of postings. These evaluations should include proper usage of funds, coding structures used, validity of obligations, and timely posting of financial information.
9. Conducting evaluations and analyses of fund manager areas to assist in the prompt detection and correction of problems and the resolution of unsatisfactory conditions arising in connection with established financial procedures, practices, records and accounting system problems and deficiencies.
10. Ensuring proper records and source documents supporting fund execution are maintained by appropriate activities such as fund managers, in accordance with references (d) and (e).
11. Ensuring proper use of appropriations by purpose, time, and amount to include meeting the criteria of bona-fide need.
12. Training fund managers in the proper utilization of the accounting system.
13. Acting as a liaison with the DFAS on all accounting issues.

1003. FUND MANAGER DUTIES AND RESPONSIBILITIES. Fund managers are defined as those departments, battalions, regiments, staff sections, etc. that receive a funding authorization from Commanders.

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Responsibility for oversight of financial management belongs to the comptroller. Fund managers must be appointed, in writing, by the Commander as recommended by the comptroller. Appointment letters will include the responsibilities and duties of fund management. Fund managers or their designee(s) are responsible for, but not limited to, the following duties and responsibilities:

1. Compiling and executing the budget in accordance with the financial plan for the current fiscal year.
2. Monitoring the execution of the financial plan for all fiscal years available for obligation and five additional years thereafter.
3. Preparing source documents.
4. Recording accounting transactions into the accounting system.
5. Reconciling the accounting system with source documents on a cyclic basis.
6. Maintaining financial records and source documents in accordance with references (d) and (e).
7. Identifying and providing information to the comptroller on Unmatched Disbursements (UMDs) and Negative Unliquidated Obligation (NULOs) on error and exception listings.
8. Conducting Unliquidated Orders (ULO) and Outstanding Travel Orders validations.

1004. DEFENSE FINANCE AND ACCOUNTING SERVICE (DFAS)

1. DFAS is the official accounting firm for the Department of Defense (DOD). DFAS has functional responsibility for DOD finance and accounting policies, procedures, standards, systems, and operations. Each service is provided finance and accounting support through a primary service center of DFAS. The U.S. Marine Corps' primary service center is Cleveland, Ohio.

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2. DFAS is responsible for the official reporting of accounting information affecting the U.S. Marine Corps. DFAS is tasked with: the processing and posting of liquidations or payments that affect the U.S. Marine Corps appropriations and granted allotments, scheduling and running cycles, correcting system problems, and assisting U.S. Marine Corps commands in resolving financial problems and issues.

3. The information compiled, processed, maintained and reported by DFAS through their official accounting records and reports belongs to the Marine Corps, and the Marine Corps is responsible for ensuring the accuracy and reliability of the data therein contained.

4. The Standard Accounting, Budgeting and Reporting System (SABRS) is the official accounting system for the U.S. Marine Corps and was designed to meet fiduciary standards established by the General Accounting Office, Office of Management and Budget (OMB), United States Treasury Department, and DOD. SABRS accounts for and reports on all U.S. Marine Corps funds throughout the life of the appropriation. Normally, this will include the year authorized to incur new obligations and five prior years to complete receipt and expenditures on established undelivered orders.

## Chapter 2

### Planning, Programming, Budgeting, and Execution, Authorizations, and Flow of Funds

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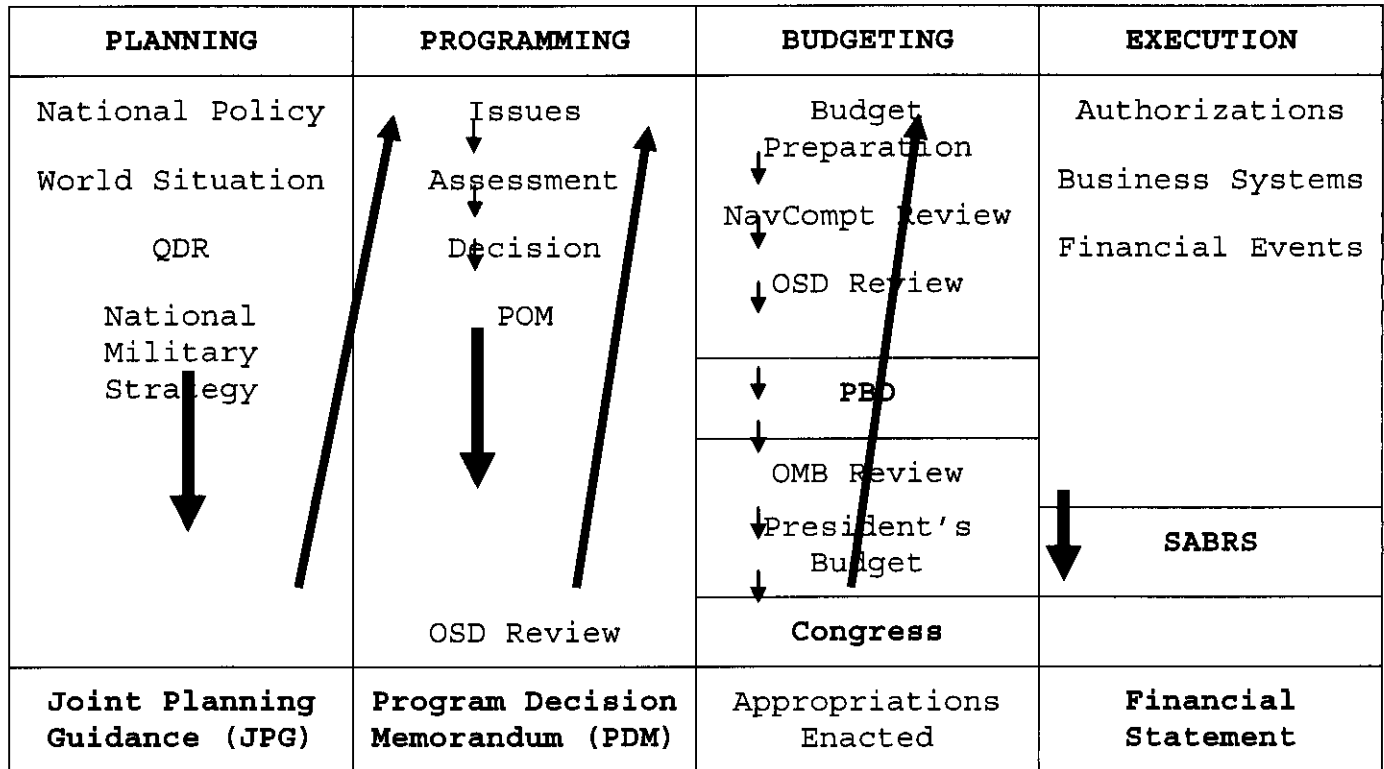
## Chapter 2

Planning, Programming, Budgeting, and Execution, Authorizations and  
Flow of Funds

2000. GENERAL. This chapter outlines the Planning, Programming, Budgeting, and Execution (PPBE) process that is the basis for requesting, justifying, and receiving appropriated funds to support Marine Corps mission requirements.

2001. PPBE PROCESS OVERVIEW. PPBE is the process by which military services and program sponsors within the DOD obtain and execute resources. PPBE defines the missions that support the National Military Strategy (NMS), identifies capabilities required to meet mission requirements, and allocates resources to meet mission needs. PPBE is characterized as a centralized planning and program development process with decentralized budget development and execution for the DOD.

For the Marine Corps, PPBE is a dynamic and competitive process for resources. PPBE produces a realistic and responsible department-wide resource plan that extends to six years into the future. From approved programming amounts, a viable budget in context of supporting assigned missions is created. PPBE is a continuous process, where two or more phases are occurring in any given fiscal year. The following chart illustrates the phases and major actions within each phase of the PPBE process.



## 1. Planning Phase

a. The planning phase focuses on the development of the NMS and creating an integrated and balanced military force necessary to accomplish that strategy. Planning takes place at the highest levels of the Marine Corps in support of the Secretary of Defense and the Combatant Commanders.

b. The Quadrennial Defense Review (QDR) is developed every four years (by law it is submitted with the President's Budget in the second year of a Presidential term). The Secretary of Defense develops the QDR to serve as the Department's major statement of defense strategy and business policy. The QDR is developed using the NMS, National Security Strategy, and other factors.

c. The final document of the Defense planning process is the Joint Programming Guidance (JPG). The JPG will contain fiscal controls and programmatic guidance for use by the Marine Corps in developing the Program Objectives Memorandum (POM) and Budget Estimates (BES). The JPG will contain specific guidance on major issues or capabilities the Marine Corps must provide to meet NMS goals.

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## 2. Programming Phase

a. The programming phase is the period when planning decisions, programming guidance, and congressional guidance are converted into a detailed allocation of resources. The Marine Corps takes the overall resource amounts/limits outlined in the JPG and matches those resources against mission and capability requirements in terms of manpower, procurement, operations, etc. and submits a program proposal.

b. The program proposal is called the POM. The POM includes an analysis of missions, objectives, alternative methods to accomplish objectives, and allocation of resources. Full POM development occurs in the even-numbered years (i.e., 2008, 2010, 2012, etc.). In odd-numbered years, a Program Review (PR) is conducted which updates the previous full year POM for fact of life changes. The result of an approved POM is the Program Decision Memorandum (PDM). The PDM becomes the Future Years Defense Program (FYDP) and provides the initial amounts for preparing the BES.

c. The FYDP contains all required funding (i.e., manpower, operations and maintenance, procurement, etc.) required to execute a specific program. Each program in the FYDP is identified by a Program Element Number (PEN). PENs are assigned by the Office of the Secretary of Defense (OSD). The PEN is defined in chapter 4 of this order.

d. Deputy Commandant, Programs & Resources (DC P&R) will publish guidance to field commands on POM preparation and initiative submission. Initiatives submitted from the field form the basis for consideration for additional funding to commands. The only means to obtain sustained program increases to commands funding is through approved POM initiatives.

e. The Marine Corps POM is developed through the Program Budget Development Database (PBDD). The key to PBDD is the Marine Corps Programming Code (MCPC). All initiatives and funding tracks for Major Allotment Recipients are associated with an MCPC. MCPC is defined in chapter 4 of this order with a complete list of MCPCs located in the standalone Financial Code Manual referenced in Appendix B.

f. Once the Marine Corps POM is developed and approved as the PDM, the programmed amounts form the basis for budget preparation.

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### 3. Budgeting Phase

a. The BES is created using the PDM amounts and any "fact of life" adjustments that have occurred since the PDM approval. Fiscal Division prepares the required exhibits and supporting documentation required by OSD and Volume 2A and 2B of reference (b).

b. The BES is reviewed by Navy and submitted to OSD. Any changes to the BES from OSD are done through Program Budget Decisions (PBDs). PBDs can affect just the budget year amounts or can change amounts for programs across the FYDP. Once adjustments for PBDs are accomplished, the Marine Corps Budget submission becomes part of the OSD submission to the Office of Management and Budget (OMB).

c. OMB reviews the budget submission from OSD. Required adjustments are made with the result becoming the President's Budget submission to Congress for DOD.

d. Congress takes appropriate actions with the President's Budget through committees, conferences, and ultimately passage by both houses. Once passed by both houses and signed by the President, the budget submission becomes an enacted Appropriations Act and provides the resources to DOD and the Marine Corps to operate.

### 4. Execution Phase

a. Once funding is provided through an Appropriation Act, funds are apportioned (i.e., annual amount is broken into quarterly amounts) by OMB and sent to OSD. OSD will pass Marine Corps funds via the Department of the Navy (DON). Once funds are received, authority is loaded into SABRS and distributed. Once commands receive funds, they commit, obligate, expense, and liquidate funding based on each source document created and processed to obtain required goods and services.

b. All financial transactions are recorded and accumulated in SABRS into general ledger accounts. These accounts form the basis for the preparation of each executed fiscal year Financial Statements. These statements reflect the position and use of resources by the Marine Corps.

## 2002. APPROPRIATIONS PROCESS

1. All U.S. Marine Corps funds are provided by Congress, principally by means of annual legislation known as the DOD Appropriation Act. Before an Appropriation Act is passed, it must be preceded by an

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Authorization Act. An Authorization Act estimates the maximum amount of money that may be appropriated for such things as military and civilian end strengths (i.e., the number of Marines and civilians the U.S. Marine Corps is allowed to have), equipment purchase quantities, training student loads, and other similar limitations. An Authorization Act does not convey authority to obligate or expend funds but is a precursor to the Appropriations Act.

2. An appropriation constitutes the authority for the government to incur liabilities (i.e., make obligations to obtain goods or services and to make payments for ordered and received goods and services) out of the United States Treasury. The Constitution of the United States requires that, "No money shall be drawn from the Treasury, but on consequence of Appropriation made by law; and a regular statement and account of the receipts and expenditures of all public money shall be published from time to time."

3. Appropriations are made from the Treasury's general fund by the Congress for specified purposes and cannot be used for other than the purpose stipulated by law. Some of the different purposes for which an appropriation is approved are to: pay for day-to-day operating costs (i.e., operations and maintenance appropriations); purchase weapon systems and ammunition (i.e., procurement appropriations); pay for military labor costs (i.e., military personnel appropriations); pay for the construction of buildings and facilities (i.e., military construction appropriations); etc. A simple way of looking at an appropriation is to think of it as a bank account at the Treasury that the U.S. Marine Corps can use to buy various goods and services. The "bank account number," therefore, is referred to as the treasury symbol. The use of treasury symbols ensures that all charges and credits to the appropriations are reported to Headquarters Marine Corps (HQMC) so that the status of each appropriation may be determined at any time. The treasury symbol is a four-digit designator.

4. It is illegal to spend funds from one appropriation to accomplish a purpose for which that appropriation is not available. For example, funds that have been authorized and appropriated for buying ammunition cannot be used for Temporary Duty (TDY), except as specifically authorized by law.

2003. CONTINUING RESOLUTION AUTHORITY. The Continuing Resolution Authority (CRA) is a congressional action that provides budget authority for specific ongoing activities prior to passage of the Annual Appropriation Act. The continuing resolution usually specifies a maximum rate at which the agency may incur obligations and is based either on the rate of spending of the prior year or a set percentage.

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The CRA allows U.S. Marine Corps commands to continue daily operations before authorizations have been passed down by HQMC, Programs and Resources (P&R) Department. HQMC, P&R will provide specific guidance upon approval of the CRA and on the limits commands are authorized.

2004. FUND FLOW PROCESS. After funds are appropriated by Congress, they are apportioned to the DOD by the OMB. DOD, in turn subapportions funds to the Assistant Secretary of the Navy (Financial Management and Comptroller) (ASN (FM&C)). ASN (FM&C) passes an allocation to the applicable Responsible Office (RO) within the DON. ROs are defined as the Headquarters Command that is responsible for budgeting, accounting, and reporting the totality of an appropriation. Examples of ROs are Chief Naval Operations and Commandant of the Marine Corps (CMC). The RO passes money down to an administering office. The administering office is assigned the responsibility of performing the budgeting, accounting, reporting, and issuing of operating budgets and allotments to commanders responsible for carrying out the missions of the U.S. Marine Corps. Since the U.S. Marine Corps is a small organization compared to the other services, HQMC assumes the role of both RO and administering office. Although funds are passed to the commanders, administration of these operating budgets/allotments is accomplished by the comptrollers.

2005. U.S. MARINE CORPS APPROPRIATIONS. The U.S. Marine Corps is funded through many appropriations. The primary appropriations are classified into three types: annual (i.e., one year), multiple (i.e., more than one year), and no-year (i.e., continuing). The classification is determined by the period of time that the appropriation is available for obligations. Appendix B references a complete list of appropriations by treasury symbol under which the U.S. Marine Corps receives funds.

1. Annual Appropriations. These appropriations are generally used for current administrative, maintenance, and operational programs. Annual appropriations are available for incurring new obligations for only one fiscal year. The term "new obligation" means the initial order, requisition, or contract to another command, government agency, or private business to obtain a good or service needed by the command for mission support or mission accomplishment. New obligations can only be created during the period of 1 October through 30 September for an annual appropriation. However, annual appropriations can have payments made against them for an additional five years beyond the authorized fiscal year. As identified in Chapter 10, Volume 3 of reference (b), both the obligated and unobligated balances of an annual appropriation shall be available for adjusting and liquidating obligations properly

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chargeable to that account for 5 years after the time the appropriation expires for incurring new obligations. In other words, both the obligated and unobligated balances of such appropriations shall be cancelled and will no longer be available for obligation and expenditure for any purpose on 30 September of the fifth fiscal year after the expiration of the appropriation's period of availability for incurring new obligations. For instance, this occurs when goods or services are received and accepted following the close of the fiscal year in which the appropriation was authorized. Examples of annual appropriations and their associated treasury symbols are as follows:

a. Military Personnel, Marine Corps (MPMC) (1105). The MPMC appropriation provides funds for: the pay and allowances of all active duty Marines; the cost of subsistence for enlisted personnel; costs related to permanent change of station travel; and for a variety of other miscellaneous military personnel costs.

b. Reserve Personnel, Marine Corps (RPMC) (1108). The RPMC appropriation provides funds for such expenses as: pay and allowances for Reserve personnel on active duty for training; drill pay; uniform clothing and alterations; subsistence; travel; disability and hospital benefits; and group life insurance related to Reserve personnel, Reserve officer candidates, and U.S. Marine Corps Junior Reserve Officer's Training Corps.

c. Operation and Maintenance, Marine Corps (O&M,MC) (1106). The O&M,MC appropriation provides funds for: officer and troop training; recruiting; administration; operation of the supply system; maintenance of equipment; TDY travel and miscellaneous costs; and medical and dental care. It also provides funds for personnel support activities such as dining facilities, barracks, and bachelor officers' quarters; Civilian Marine Pay; maintenance and repair of property; operation and purchase of utilities; minor construction; engineering support; and other base services, such as motor transport, communications, security, etc.

d. Operation and Maintenance, Marine Corps Reserve (O&M,MCR) (1107). The O&M,MCR appropriation provides funds for U.S. Marine Corps Reserve units to support: equipment operating costs; consumable supplies; maintenance of HQMC-furnished augmentation equipment; and TDY costs in support of reserve training conferences; the operation and maintenance of reserve training centers; maintenance and replacement of station property; reserve recruiting operations; and hire of commercial transportation for field training of reservists.

2. Multiple-Year Appropriations. These appropriations are available for incurring obligations for a definite period in excess of one fiscal



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year. Multiple-year appropriations provide funds for weapons, ammunition, and other major items required by the Operating Forces and finance the research into advanced combat weaponry and equipment. Examples of multi-year appropriations and their associated treasury symbols are:

a. Procurement, Marine Corps (PMC) (1109). The PMC appropriation provides funds for the procurement of major items of equipment (i.e., investment items), including such things as tanks, trucks, radios, and guided missile equipment. It also provides for major items of commercial equipment and support of initial outfitting of spares/major parts for newly fielded weapon systems. This appropriation is administered by Marine Corps Systems Command.

b. Research, Development, Test, and Evaluation, Navy (RDT&E,N) (1319). The RDT&E,N appropriation finances the research into advanced combat weaponry and equipment. The U.S. Marine Corps receives funding from the Navy in support of development projects. This appropriation is administered by Marine Corps Systems Command.

c. Procurement, Ammunition Navy & Marine Corps (PANMC) (1508). The PANMC appropriation funds ammunitions (e.g., small arms, artillery, land based missiles) in support of Marine Corps training and operations. This appropriation is administered by Marine Corps Systems Command.

3. No-Year Appropriations. These appropriations are more accurately described as revolving funds. Revolving funds finance a cycle of operations in which the original no-year funds are used and then replenished through reimbursements and collections from other appropriations. This process allows the revolving fund to be self-sufficient once it is established by Congress. Examples of no-year appropriations include:

a. Defense Working Capital Stock Fund (4930.NC2A). This revolving fund was initially established by Congress. The Defense Working Capital Stock Fund finances the procurement and inventories of those standard supply and equipment parts of a consumable nature for which there is a recurring demand. The cost of these items is normally chargeable to the O&M,MC funds of the commander who requests and receives the items from supply stock. In other words, the commander who buys the parts from the warehouse pays for the item with normal operating funds (i.e., O&M,MC). The money received is then used by the warehouse to replenish the inventory.

b. Defense Working Capital Industrial Fund (4930.NC1A). This revolving fund is established in accordance with requirements of the

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Secretary of Defense. The Defense Working Capital Industrial Fund provides the working capital to finance the operations of the overhaul and repair facilities at the U.S. Marine Corps Logistic bases in Albany, GA and Barstow, CA. The capital is replenished by the funds received as a result of periodic billings to customer activities for work or services the depots have performed.

c. Wildlife Conservation on Military Reservations, Navy (WCMR,N) (5095). These funds are derived from fees collected from the sale of fishing and hunting permits pursuant to approved wildlife conservation programs established in accordance with instructions issued by HQMC.

2006. FUNDS DISTRIBUTION AND U.S. MARINE CORPS FUNDS FLOW ORGANIZATIONAL ELEMENTS. Funds flow is accomplished using the funds distribution process within the accounting system and begins with HQMC, P&R recording the allocated amount for all treasury symbols and issuing operating budgets or allotments to commanders. The funds flow hierarchy is as follows:

1. Headquarters Marine Corps (HQMC). HQMC issues operating budgets (OPBUD's) and allotments which provide funding authority from a specific appropriation to a command to accomplish its mission. OPBUD/allotment authority is expressed in terms of a specific amount granted to incur obligations and payments in support of assigned missions and functions.
2. Major Command Recipients (MRI). A Major Command Recipient is a command that receives its funds directly from HQMC. Major Command Recipients may pass funds to Allotment Recipients within their command if applicable. Commander, U.S. Marine Corps Pacific; Commander, U.S. Marine Corps Forces Command; Commander, Marine Corps Logistics Command; and Commander, Marine Corps Combat Development Command are examples of Major Command Recipients.
3. Allotment Recipients (ARI). An Allotment Recipient is a command that receives an allotment or OPBUD from a Major Command Recipient. Commander, Marine Corps Installations East and Commander, Marine Corps Installations West are examples of Allotment Recipients. Major Command Recipients are also Allotment Recipients when they pass funds to themselves. An example of a Major Command Recipient who passes funds to themselves as an Allotment Recipient is Commander, Marine Forces Pacific.
4. Suballotment Recipients (SRI). A Suballotment Recipient is a subordinate command that receives a portion of an allotment or operating budget (OPBUD) from an Allotment Recipient. Examples of

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Suballotment Recipients are Marine Corps Air Station Miramar, Marine Corps Base Camp Pendleton, and I Marine Expeditionary Force (MEF). Major Command Recipients are also Allotment/Suballotment Recipients when they pass funds to themselves. SRI is the lowest level at which 1517 (legal) responsibility can be passed.

5. Work Center (WCI). A Work Center is a subdivision of a Suballotment Recipient. These activities are held administratively responsible as subordinate to superior.

6. Budget Execution Activities (BEA). Budget Execution Activities (BEA's) are subdivisions of Work Centers. Legal responsibility for the proper management of the funds is retained by the SRI or WCI holder. An example of a BEA is the facilities department within a base.

7. Budget Execution Sub-Activity (BESA). Budget Execution Sub-Activities (BESA's) are subdivisions of BEAs. BESAs are established to capture detailed identification of costs below the BEA and are the lowest organizational level to which funding is broken down in the U.S. Marine Corps. BESAs for all O&M,MC funded activities have been standardized and are listed by applicable WCI in the standalone Financial Code Manual referenced in Appendix B of this Order.

Chapter 3  
Accounting Principles

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## Chapter 3

### Accounting Principles

3000. GENERAL. Accounting is the process of recording financial events, posting the event amounts to appropriate general ledgers, and producing financial reports that provide internal and external users relevant and useful information on the financial position of an entity. This chapter will discuss the basics of accounting, general ledger posting, and the basic financial statements produced and reported by the U.S. Marine Corps.

3001. TYPES OF ACCOUNTING. The Marine Corps performs three types of accounting: proprietary, budgetary, and managerial cost accounting.

1. Proprietary Accounting. Proprietary accounting is similar to financial accounting in the private sector. Proprietary accounting is concerned with 1) reporting the assets of the organization and their use in mission accomplishment; 2) reporting the liabilities, both current and contingent, incurred for mission accomplishment and 3) reflecting the resulting net position of the organization. Proprietary general ledger accounts form the basis for preparing the "Balance Sheet."

2. Budgetary Accounting. Budgetary accounting provides for stewardship and reporting of appropriations. Budgetary accounting does not have an equivalent in the private sector. Budgetary accounting is the collection and reporting of apportionments, allocations, obligations, and expenditures of funds granted in a Congressional appropriation. Budgetary general ledger accounts form the basis for preparing the "Statement of Budgetary Resources."

3. Managerial Cost Accounting. Managerial cost accounting provides the "meaning" of why resources were executed. Reference (f) defines managerial cost accounting as:

"The process of accumulating, measuring, analyzing, interpreting, and reporting cost information useful to both internal and external groups concerned with the way in which the organization uses, accounts for, safeguards, and controls its resources to meet its objectives."

Managerial Cost Accounting will be covered in depth in chapter 5.

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3002. GENERAL LEDGER. The United States Government Standard General Ledger (USSGL) establishes the account structure (sometimes referred to as the "chart of accounts") that is used to record proprietary, budgetary, and managerial cost accounting transactions for classification and financial report creation. The basic account categories are:

USSGL ACCOUNT	CATEGORIES
1000 Series	Assets
2000 Series	Liabilities
3000 Series	Net Position
4000 Series	Budgetary
5000 Series	Revenues and Financing Sources
6000 Series	Expenses

1. Permanent General Ledger Accounts. The permanent general ledger accounts are: assets (1000 series), liabilities (2000 series), and net position (3000 series). These accounts will exist as long as the entity exists. The amounts recorded in these accounts form the basis of the balance sheet and the basic accounting equation:

$$\text{ASSETS} = \text{LIABILITIES} + \text{NET POSITION}$$

a. Assets. Assets are tangible or intangible items owned by the Federal Government that have probable economic value or benefit. Assets include: the amount of funds held at Treasury (called "Fund Balance with Treasury"), accounts receivable for reimbursable work performed, operating material and supply inventories, land, buildings, equipment, internal use software, etc.

b. Liabilities. A liability is a probable future outflow or other sacrifice of resources as a result of past transactions or events. Liabilities are recognized when they are incurred regardless of whether they are covered by available budgetary resources. Liabilities include: accounts payable (received service under a contract that is awaiting payment), capital leases, environmental restoration, claims, etc.

c. Net Position. Net position is the residual amount when total liabilities are subtracted from total assets. Financial accounting in the private sector refers to net position as owner's equity, stockholder's equity, or net assets.

2. Budgetary General Ledger Accounts. Budgetary general ledger accounts (4000 series) classify and record an enacted appropriation and track the use of that appropriation through the stages of:

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unapportioned, apportionments, allotments, commitments, obligations, expended authority, and expired and canceled authority. Budgetary accounts remain for the life of the appropriation. The basic accounting equation for budgetary accounts is:

### NET RESOURCES = STATUS OF RESOURCES

3. Temporary General Ledger Accounts. Temporary general ledger accounts are revenue and financing sources (5000 series) and expenses (6000 series). These accounts are closed at the end of the accounting period to the net position accounts (3000 series) and become the basis for required information in the following financial reports: Statement of Net Cost and Statement of Changes in Net Position.

### 3003. DEBITS, CREDITS, AND NORMAL GENERAL LEDGER ACCOUNT BALANCES

1. All general ledger accounts can be increased or decreased depending on the purpose of the financial transaction. A general ledger account in its simplest form could be represented by:

ACCOUNT NUMBER (ACCOUNT NAME)	
Left Side	Right Side

Because of the representation's shape, this simple form is called a "T-account."

2. In accounting terms, the left side of a T-account is called a debit and the right side is called a credit. These terms do not mean plus and minus, but simply refer to which side of the T-account a transaction is recorded. Whether a debit is an increase or a decrease to an account is based on what type of account is being affected by the financial transaction. Normal balances for general ledger accounts are:

USSGL SERIES	CATEGORY	NORMAL BALANCE	INCREASE	DECREASE
1000	Assets	Debit	Debit	Credit
2000	Liabilities	Credit	Credit	Debit
3000	Net Position	Credit	Credit	Debit
4000	Budgetary	Both		
5000	Revenues	Credit	Credit	Debit
6000	Expenses	Debit	Debit	Credit



3. Another way to look at this is in terms of T-accounts and the basic accounting equation for proprietary accounts:

ASSETS		=	LIABILITIES		+	NET POSITION	
Debit (Increase)	Credit (Decrease)		Debit (Decrease)	Credit (Increase)		Debit (Decrease)	Credit (Increase)

3004. GENERAL LEDGER ACCOUNT POSTINGS. All postings to general ledger accounts are done through a process known as double-entry accounting. All accounting transactions have a debit entry and a credit entry, thus the term "double-entry" accounting. For every transaction, the total debit amount must equal the total credit amount. All transactions require both T-account and journal entry postings.

1. T-Account Postings. An example of a general ledger account posting using T-accounts is recording authority when an appropriation is enacted. Two postings are done to record authority. The first involves proprietary accounts that are affected. The second is budgetary accounts. In this example, an appropriation of \$1,000,000 is recorded:

#### PROPRIETARY ACCOUNT ENTRIES

1010 (Funds Balance Treasury)	3101 (Unexpended Appropriations)
\$1,000,000	\$1,000,000

#### BUDGETARY ACCOUNT ENTRIES

4119 (Other Appropriation Realized)	4450 (Unapportioned Authority)
\$1,000,000	\$1,000,000

2. Journal Entry Postings. Normally, recording of account transactions is done in journal entry form, followed by a brief explanation of the transaction. This recording form is:

Debit Account (Account Name)	Debit Amount	
Credit Account (Account Name)		Credit Amount
Brief explanation of the transaction.		

Using the above T-account example of recording a \$1,000,000 enacted appropriation, the journal entry would be:

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a. Proprietary Account Entries

1010 Funds Balance with Treasury	\$1,000,000	
3101 Unexpended Appropriations		\$1,000,000
To record enacted appropriation and receipt of Treasury Warrant.		

b. Budgetary Account Entries

4119 Other Appropriations Realized	\$1,000,000	
4450 Unapportioned Authority		\$1,000,000
To record enacted appropriation and receipt of Treasury Warrant.		

3005. SABRS TRANSACTIONS AND GENERAL LEDGER POSTING. General ledger account changes are driven by the Document Identifier Code (DIC) used in SABRS to record the financial transaction. DICs will drive proprietary account transactions (impacts the balance sheet), budgetary accounts (impacts the statement of budgetary resources), or both. SABRS Central Table 300 (Spending General Ledger Accounting Table) is used to interpret the transaction being posted and the affected general ledger accounts.

3006. BALANCE SHEET AND PROPRIETARY GENERAL LEDGER ACCOUNTS. There are four formats for posting financial transactions: general ledger entries (and the SABRS DIC used within the transaction cycle), T-account format, trial balance, and balance sheet. The following examples illustrate each of these formats.

1. General Ledger Postings

a. Funds are passed to the WCI under DIC AL5.

1010 Funds Balance with Treasury	\$1,000,000	
3100 Unexpended Appropriations - Cumulative		\$1,000,000
To record enacted appropriation and receipt of Treasury Warrant.		

b. Create, approve, and authenticate temporary assigned duty (TAD) orders DIC COB for \$2,500. No Proprietary Accounts are affected. This transaction will affect budgetary accounts covered in 3007.

c. TAD order executed and an expense recorded DIC EXP. Two entries are required. These could be combined, but are shown as separate entries:

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6100 Operating Expenses/Program Costs	\$2,500	
2100 Accounts Payable		\$2,500
Record TAD expense and create accounts payable.		

3100 Unexpended Appropriations - Cumulative	\$2,500	
5700 Expended Appropriations		\$2,500
Record expense to appropriation.		

d. TAD is settled and payment made to traveler DIC DX0.

2100 Accounts Payable	\$2,500	
1010 Funds Balance With Treasury		\$2,500
Record liquidation of TAD orders and reduction of accounts payable		

e. Contract for supplies requirement entered into PR Builder. Commitment DIC is CMT. No proprietary entry is made.

f. Contract is issued via the Standard Procurement System (SPS). DIC of OBL records obligation. No proprietary entry made.

g. Supplies received from vendor. DIC INV reflects the 1511 and 2100 accounting entries until the supplies are actually used. Supplies are placed in inventory for future use and will not expense until the material is consumed. When consumed, DIC INX is recorded and the 6100 and 5700 account entries are posted.

1511 Operating Materials/Supplies Held for Use	\$8,500	
2100 Accounts Payable		\$8,500
Record receipt of supplies put into inventory and creation of Accounts Payable.		

6100 Operating Expenses/Program Cost	\$8,500	
5700 Expended Appropriations		\$8,500
To record the operating expense for materials received.		

h. Vendor is paid for supplies. DIC DX0.

2100 Accounts Payable	\$8,500	
1010 Funds Balance With Treasury		\$8,500
Record payment to vendor for supplies.		

2. T-Account Format. The general ledger postings can be presented in T-account format, as follows. Note that the letter by each amount corresponds to the above journal entries.

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**ASSET AND EXPENSE****LIABILITY AND NET POSITION**1010 Funds Balance With  
Treasury

2100 Accounts Payable

a. 1,000,000	
	d. 2,500
	h. 8,500

	c. 2,500
d. 2,500	g. 8,500
h. 8,500	

**Bal = 989,000****Bal = 0**1511 Operating Materials  
and Supplies Held for Use3100 Unexpended  
Appropriations - Cumulative

g. 8,500
----------

c. 2,500
----------

a. 1,000,000
--------------

**Bal = 8,500****Bal = 997,500**6100 Operating  
Expenses/Program Cost

5700 Expended Appropriations

c. 2,500
g. 8,500

c. 2,500
g. 8,500

**Bal = 11,000****Bal = 11,000**

3. Trial Balance. Prior to closing the temporary operating accounts in the 5000 and 6000 series, a trial balance is created. This is done to ensure all debits and credits balance and that the accounting equation is also in balance.

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**TRIAL BALANCE**

		DEBITS	CREDITS
1010	Funds Balance With Treasury	\$989,000	
1511	Operating Material Held for Use	8,500	
6100	Operating Expenses	11,000	
2100	Accounts Payable		\$0
3100	Unexpended Appropriation (Cumulative)		997,500
5700	Expended Appropriation		11,000
		<u>\$1,008,500</u>	<u>\$1,008,500</u>

a. Closing Temporary Accounts. The next step in this example is to close temporary accounts in the 5000 and 6000 accounts to the Net Position accounts, in this case the 3100 (Unexpended Appropriation - Cumulative) account. These closing entries form the basis for the report of "Changes in Net Position."

(1) Close 5000 series account for end of month:

5700 Expended Appropriations	\$11,000	
3100 Unexpended Appropriations - Cumulative		\$11,000
Entry to close temporary 5000 series for balance sheet reporting.		

(2) Close 6000 series account for end of month:

3100 Unexpended Appropriations - Cumulative	\$11,000	
6100 Operating Expenses/Program		\$11,000
Entry to close expenses to net position for balance sheet reporting.		

**ASSET AND EXPENSE**

1010 Funds Balance With  
Treasury

989,000

**Bal = 989,000**

**LIABILITY AND NET POSITION**

3100 Unexpended  
Appropriations - Cumulative

997,500  
i. 11,000  
j. 11,000

**Bal = 997,500**

1511 Operating Materials  
and Supplies Held for Use

8,500

**Bal = 8,500**

2100 Accounts Payable

0

**Bal = 0**

6100 Operating  
Expenses/Program Cost

11,000

j. 11,000

**Bal = 0**

5700 Expended Appropriations

11,000

i. 11,000

**Bal = 0**

4. Balance Sheet. After the closing entries are posted, the balance sheet can be prepared. When the balance sheet is prepared the debits must equal the credit amounts in total and the accounting equation (i.e., Assets = Liabilities + Net Position) must balance. An example of the balance sheet is:

#### **BALANCE SHEET**

##### **ASSETS**

1010 Funds Balance With Treasury

\$989,000

1511 Operating Material Held for Use

8,500

**TOTAL ASSETS**

**\$997,500**

##### **LIABILITIES**

0

##### **NET POSITION**

3100 Unexpended Appropriation - Cumulative

997,500

**TOTAL NET POSITION**

**997,500**

**TOTAL LIABILITIES AND NET POSITION**

**\$997,500**

#### **3007. STATEMENT OF BUDGETARY RESOURCES AND BUDGETARY GENERAL LEDGER ACCOUNTS**

1. Budgetary accounts are the 4000 series and are self balancing with the series. The budgetary balancing equation is:

**RESOURCES = STATUS OF RESOURCES**

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Budgetary accounting closely follows the funding process and the transaction cycle process for general ledger account updates. Basically, there are budgetary accounts affected from the actual appropriation being enacted, through the cancellation of the appropriation. These events are:

- Appropriation enacted
- Apportionment of the appropriation by OMB occurs
- Apportionment amounts allotted to Marine Corps Commands
- Funds are executed through source transactions
- Committed
- Obligated
- Expended (expensed)
- Payment
- Appropriation expires for new obligations
- Appropriation is cancelled at Treasury

2. General Ledger Postings. Using the same transactions cited in Section 3006, the budgetary general ledger transactions are as follows.

a. Funds are passed to the WCI under DIC AL5.

4510 Apportionment	\$1,000,000	
4610 Allotments		\$1,000,000
Record allotments passed from higher headquarters		

b. Create, approve, and authenticate TAD orders DIC COB for \$2,500.

4610 Allotments	\$2,500	
4801 Undelivered Orders - Obligations Unpaid		\$2,500
Record simultaneous commitment and obligation for TAD orders.		

c. TAD order executed and an expense recorded DIC EXP.

4801 Undelivered Orders - Obligations Unpaid	\$2,500	
4901 Delivered Orders - Unpaid		\$2,500
Record expense for execution of TAD orders.		

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d. TAD is settled and payment made to traveler DIC DX0.

4901 Delivered Orders - Unpaid	\$2,500	
4902 Delivered Orders - Paid		\$2,500
Record payment for completed TAD orders.		

e. Contract for supplies requirement entered into PR Builder.  
Commitment DIC is CMT.

4610 Allotments	\$8,500	
4700 Commitments		\$8,500
Record commitment for request for contract for materials.		

f. Contract is issued via SPS. DIC of OBL records obligation.

4700 Commitments	\$8,500	
4801 Undelivered Orders - Obligations Unpaid		\$8,500
Record obligation for awarded contract for materials.		

g. Supplies received from vendor. DIC EXP recorded.

4801 Undelivered Orders - Obligations Unpaid	\$8,500	
4901 Delivered Orders - Unpaid		\$8,500
Record receipt of materials ordered through contract.		

h. Vendor is paid for supplies. DIC DX0.

4901 Delivered Orders - Unpaid	\$8,500	
4902 Delivered Orders - Paid		\$8,500
Record payment to vendor for materials delivered via contract.		

3. T-Account Format. These transactions presented in T-account format are as follows. Note the letter by each amount corresponds to the previous journal entries.



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**RESOURCES**

## 4510 Apportionment

a. 1,000,000	
--------------	--

**Bal = 1,000,000****STATUS OF RESOURCES**

## 4610 Allotments

b. 2,500	
e. 8,500	

a. 1,000,000

**Bal = 989,000**

## 4700 Commitments

f. 8,500	
----------	--

e. 8,500

**Bal = 0**4801 Undelivered Orders -  
Obligations Unpaid

c. 2,500	
g. 8,500	

b. 2,500

f. 8,500

**Bal = 0**4901 Delivered Orders -  
Unpaid

d. 2,500	
h. 8,500	

c. 2,500

g. 8,500

**Bal = 0**

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4902 Delivered Orders - Paid

	d. 2,500
	h. 8,500

**Bal = 11,000**

4. Statement of Budgetary Resources. Using the above general ledger and T-account entries, the Statement of Budgetary Resources is:

**STATEMENT OF BUDGETARY RESOURCES****BUDGETARY RESOURCES**

Budget Authority	\$1,000,000
<b>TOTAL BUDGETARY RESOURCES</b>	<b>\$1,000,000</b>

**STATUS OF BUDGETARY RESOURCES**

Obligations Incurred	\$11,000
Unobligated Balances - Available	989,000
<b>TOTAL STATUS OF BUDGETARY RESOURCES</b>	<b>\$1,000,000</b>

**OUTLAYS**

Obligations Incurred	\$11,000
Less: Obligated Balance, Net - End of Period	0
<b>TOTAL OUTLAYS</b>	<b>\$11,000</b>

Chapter 4  
Coding Structure

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## Chapter 4

### Coding Structure

4000. GENERAL. Financial codes serve two major purposes. First, they are used to uniquely identify a specific order or requisition. Second, they provide meaning to the execution amounts recorded in SABRS that identify what type of funds were used, which command executed funds, and what purpose or program fund execution supported. For cost and execution information to have any relevance to leadership and program managers, the same codes that identify purpose must be used consistently by all commands supporting a specific program. This chapter will provide a basic understanding of the various codes necessary to initiate and track execution of transactions within SABRS.

4001. DOCUMENT NUMBERS. Document numbers are the unique identifier created and used to track a specific source document (e.g., travel order, purchase request, mechanized supply purchase) for recording, tracking, and management purposes through the transaction cycle. Fund managers are responsible for properly assigning non-system generated document numbers to source documents. Comptrollers are ultimately responsible for document number management. The three types of document numbers used are: Standard Document Numbers (SDN), the Military Standard Requisitioning and Issue Procedures (MILSTRIP) document number, and the Procurement Instrument Identification Number (PIIN).

1. Standard Document Number. The SDN is a 15-position, alphanumeric code used for all transactions that are non-mechanized supply purchases (i.e., not governed by MILSTRIP procedures). The SDN is constructed as follows:

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POSITION	CONTENT
1-6	Activity Address Code (AAC) of requesting/issuing activity preceded by service designator "M" for Marine Corps
7-8	Last two digits of the fiscal year in which the document was created
9-10	Document Type Code (DTC) (For a complete list, see the standalone Financial Code Manual referenced in Appendix B.)
11-15	5-digit Serial Number (See note below.)

An example of an SDN is M0002706RC00001, where M00027 is the AAC that identifies HQMC, the 06 identifies FY 2006, RC is the DTC that identifies a request for contractual action, and the 00001 represents the serial number.

NOTE: The serial number is locally assigned to distinguish individual source documents. The serial number may be created using both alpha and numeric characters. Serial numbers assigned when creating SDNs cannot be repeated during the fiscal year for the same AAC and DTC. Comptrollers will provide guidance to fund managers on assigning SDNs, to include specific guidance on serial number assignments. Further, comptrollers will provide guidance to fund managers on creating document number logs (i.e., spreadsheet, database, log book) to assist in maintaining control over assignment of SDNs to source documents during the fiscal year. The purpose of these controls is to ensure that SDNs are unique and not assigned to more than one source document during the fiscal year. Under the Standard Financial Information Structure (SFIS), the unique SDN becomes the Demand Unique Identifier (DUID) for the source document. Refer to Section 4005 for a detailed description of the SFIS and its unique identifiers.

2. MILSTRIP Document Number. The MILSTRIP document number is a 14-position alphanumeric code used for all requisitions processed through a government source of supply. The MILSTRIP document number is constructed as follows:

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POSITION	CONTENT
1-6	AAC of requisitioning activity preceded by a service designator "M" for Marine Corps
7-10	Julian Date
11-14	4-digit Serial Number, locally assigned to distinguish individual source documents (See 5001.1.)

An example of a MILSTRIP document number is M0002760420001, where M00027 is the AAC that identifies HQMC, the 6042 identifies a 2006 calendar year and the Julian date of 042 (11 February), and the 0001 represents the serial number.

3. Procurement Instrument Identification Number. The PIIN is a 13-position alphanumeric code used by the contract-issuing activity to identify the specific procurement action. The PIIN is assigned to the original SDN record used to request the procurement action when obligated in SABRS. Also the PIIN is added as an additional element of the DUID under SFIS. An additional element associated with the PIIN is the Supplementary Procurement Instrument Identification Number (SPIIN). The SPIIN is a four-position code used to identify the call or order number for Blanket Purchase Agreements (BPAs), Indefinite Delivery Contracts, and Basic Ordering Agreements. The construction of the PIIN and SPIIN is as follows:

POSITION	CONTENT
1-6	Agency and contracting office issuing the contract/procurement instrument
7-8	Last two digits of the fiscal year in which the document was created
9	Type of procurement instrument (See note below.)
10-13	Serial number assigned by the contracting office
14-17	A SPIIN will be used if position 9 is coded with an "A", "G", "H", or, in some cases a "D".

An example of a PIIN is M00027-06-A-2580/0001, where the M00027 identifies HQMC contracting office, the 06 identifies FY 2006, the "A" identifies a BPA, the 2580 identifies the contract serial number,

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and the 0001 represents the SPIIN which is the first order against this BPA.

NOTE: Position 9 identifies the type of instrument issued. These are:

POSITION 9 INDICATOR	TYPE OF PROCUREMENT INSTRUMENT
A	Blanket Purchase Agreement (BPA)
B	Invitation for bids
C	Contracts of all types except: indefinite delivery contracts, facilities contracts, sales contracts, and contracts placed with or through other government departments or agencies or against contracts placed by such departments or agencies outside the DOD
D	Indefinite delivery contracts
E	Facilities contracts
F	Contracting actions placed with or through other government departments or agencies or against contracts placed by such departments or agencies outside the DOD, e.g., National Industries of the Blind, National Industries for the Severely Handicapped, and Federal Prison Industries.
G	Basic Ordering Agreements
H	Agreements, including basic agreements and loan agreement, but excluding basic purchasing agreements, basic ordering agreements, and leases.
K	Short form research contract
L	Lease Agreement
M	Purchase order - manual (W is assigned if the numbering capacity of M is exhausted during the fiscal year)
N	Notice of intent to purchase
P	Purchase order - automated (V is assigned if the numbering capacity of P is exhausted during the fiscal year)
Q	Request for quotation, manual



POSITION 9 INDICATOR	TYPE OF PROCUREMENT INSTRUMENT
R	Request for proposal
S	Sales contract
T	Request for quotation, automated (U is assigned if the numbering capacity of T is exhausted during the fiscal year)

4002. ACCOUNTING CLASSIFICATION CODE. The accounting classification code, commonly referred to as the Line of Accounting (LOA), identifies which command is executing funds, what appropriation is being executed, what entity performs the accounting function, and other special interest information. This code will be eventually replaced under SFIS with a combination of the Allocation Unique Identifier (AUID), Organization Unique Identifier (OUID), and Demand Unique Identifier (DUID). The accounting classification code is comprised of ten elements as provided in the following example:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ACRN	APPN	SH	OC	BCN	SA	AAA	TT	PAA	CC
AA	1761106	27A0	250	67026	_	067443	2D	000000	02706RC00001

1. Accounting Classification Reference Number (ACRN). The ACRN is a two-position alphanumeric code (excluding alpha characters I, O, and FR (reserved for freight or transportation charges)) used by some financial and disbursing systems as a short key to identify the remaining elements of the accounting classification code. The first LOA classification information reflected on a source document will normally cite an ACRN of AA. If more than one accounting classification is cited on the source document, these lines will be identified with additional ACRNs of AB, AC, etc.

2. Appropriation Symbol. The appropriation symbol is a seven-position alphanumeric code assigned by the Department of the Treasury to uniquely identify a congressional approved appropriation that is being charged by the source transaction. The appropriation symbol is comprised of a two-digit department code (e.g., 17 represents Department of the Navy), a one-digit fiscal year (e.g., 6 represents fiscal year 2006), and a four-digit treasury symbol (e.g., 1106 represents Operations and Maintenance, Marine Corps).

3. Subhead. The subhead is a four-position alphanumeric code that represents the administering office and the budget program that

executed the funds. The subhead identifies charges and credits made to the first level of an appropriation. The first two characters of the subhead designate the administering office and are derived from the last two digits of the major command Unit Identification Code (UIC) (e.g., 27 is the administering office code for the Marine Corps derived from headquarters UIC of 00027). The third digit of the subhead relates to the budget activity specific to the appropriation under which the subhead is associated. For O&M appropriations, the last position is zero. Examples of O&M subheads are 27A0 (Operating Forces, Expeditionary Forces) and 27B0 (Operating Forces, Prepositioning).

4. Object Class (OC). The OC is a three-position code that defines the nature of the services or materials purchased. Examples are 210 (i.e., travel), 250 (i.e., contract services), and 260 (i.e., supplies). For collection transactions, the Reimbursable Source Code (RSC) preceded by two zeros will be used. The Financial Code Manual referenced in Appendix B of this order contains a complete list of OCs.

5. Bureau Control Number (BCN). The BCN is a five-position numeric field used to identify the holder of the funds or OPBUD. The BCN for O&M will be the UIC assigned to the allotment authorization (formerly OPBUD or SUBOPBUD) provided to commands. For example, III MEFs UIC 67438 appears as the BCN for subordinate commands of 3d Marine Division, 3d Marine Logistics Group, and 1st Marine Aircraft Wing because III MEF is the SUBOPBUD holder for all three commands. For allotment holders, the first two digits of the BCN will be the appropriate budget project code followed by the three-digit allotment holder number.

6. Suballotment Number (SA). The SA is a one-position code used to identify a Centrally Managed Allotment (CMA) administered at HQMC. CMA's are established to account for items or functions where one office managing funding and costs is more appropriate from a control and administrative perspective than distributing funds to each command. CMAs are established for foreign currency fluctuations, second destination transportation, etc. Reference (g) contains SA codes applicable to CMA's. If funds are not chargeable to a CMA (e.g., field commands using their own funding) this field will be left blank. A zero will not be used in this field.

7. Authorized Accounting Activity (AAA). The AAA is a six-position code used to identify the activity responsible and authorized to perform the accounting function for the fund holder. The current code is 067443, which represents DFAS-CL, responsible for the Marine Corps accounting.

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8. Transaction Type Code (TTC). The TTC is a two-position code used to classify the type of payment or receipt. Common TTC codes are: 2D (i.e. general payment), 1K (i.e. travel advance), and 3C (i.e. reimbursable collection). Appendix E contains a complete list of valid TTC codes.

9. Property Accounting Activity (PAA). The PAA is a six-position field used to identify the responsible plant property accounting activity (usually the command UIC) for equipment purchases classified as plant property. For TDY documents, this field is used to reflect the Travel Order Number (TON). For all other transactions, field will be zero filled.

10. Cost Code. The cost code is a 12-position code used for local identification of transactions. For TDY transactions, this field will be automatically generated from the order writing system. For Government Purchase Card transactions this field will contain the BEA, BESA, and FC. For all other transactions this field should contain the last 12 digits of the SDN assigned to the source document.

#### 4003. OTHER CODES REQUIRED TO TRACK FINANCIAL EXECUTION

1. Organizational Code Hierarchy. Organization codes are used to pass authorizations and to identify the specific command that executed funds. The hierarchy, from highest to lowest, for organizational codes is:

a. Basic Symbol Sponsor. The basic symbol sponsor is a six-position alphanumeric code that identifies the command that will become responsible for the total budget authority delegated to them from HQMC. Marine Corps Systems Command is the delegated Basic symbol sponsor for the procurement and research, development, and testing appropriations.

b. Major Command Recipient Identifier (MRI). The MRI is a six-position alphanumeric code that identifies the first command level, below HQMC, that receives funds. Examples are M00264 (Commander, Marine Corps Combat Development Center) and M67025 (Commander, U.S. Marine Corps, Pacific).

c. Allotment Recipient Identifier (ARI). The ARI is a six-position alphanumeric code that identifies the first command level that receives funding from the MRI. The ARI can be the same code as the MRI.

d. Suballotment Recipient Identifier (SRI). The SRI is a six-position alphanumeric code that identifies the command or activity that receives funding from the Allotment Recipient Command. For example, MARFORPAC (ARI M67025) passes funding to III MEF (SRI M67438).

e. Work Center Identifier (WCI). The WCI is a six-position alphanumeric code that identifies the lowest command element that is distributed funds from the SRI. For example, III MEF (SRI M67438) passes funds to 3d Marine Division (WCI M13000).

f. Budget Execution Activity (BEA). The BEA is a two-position code that represents a major organizational breakdown within a WCI. Examples are: FT (Utilities), LM (Motor Transport), and LP (Contracting Office).

g. Budget Execution Sub-Activity (BESA). The BESA is a two-position code that represents a functional or business process cost category. The BESA can be the same code as used for the BEA. For all O&M,MC funded activities, the BESA codes have been standardized. The Financial Code Manual referenced in Appendix B of this order contains the valid BESA codes by command WCI.

2. Purpose Codes. The following codes are used to identify what funds were executed and the purpose for fund execution. The codes used to identify costs in SABRS by purpose are:

a. Fund Code (FC). The FC is a two-position code used as a short key to identify the appropriation, subhead, budget activity, budget sub-activity group, budget line item number, and program element number. Valid FCs can be found in SABRS table 020.

(1) Appropriation. Previously described in Section 4002.2.

(2) Subhead. Previously described in Section 4002.3.

(3) Budget Activity (BA). The BA is a two-position code that identifies the first sub-division of the Treasury account (Appropriation Basic Symbol) from a budget perspective. This code is required to meet OMB and OSD reporting requirements of the President's Budget. It also defines subtotal requirements of other recurring budget execution reports such as the "Appropriation Status by Fiscal Year and Sub-accounts" (RCS ACCTG-RPT-(M)-1002).

(4) Budget Sub-Activity (BSA). The BSA is a two-position code that identifies additional subdivisions below the BA from OSD and Defense Security Assistance Agency budget perspectives. This is

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required for budget submissions for the Military Pay, Operations and Maintenance, and Research, Development, Testing, and Evaluation appropriations.

(5) Budget Line Item (BLI). The BLI identifies additional sub-divisions below the BA and BSA levels for budget purposes. The information required at this budget subdivision level is the same for the same type of account regardless of Service Component.

(6) Program Element Number (PEN). PENs provide a linkage between budget execution and the FYDP. PENs aggregate resources (appropriations and manpower) used to accomplish missions of the organization. The FYDP is the official document that summarizes forces and resources associated with programs approved by the Secretary of Defense. A link between BA, BSA, and PEN exists in SABRS. When selecting FC's, first look at the BA and BSA to ensure that is the funding source being executed (e.g., BSS1, 1A1A), then review the PENs for the appropriate code to program being executed. The first two digits of the PEN will reflect one of the 11 major defense programs. For O&M users, the key PENs are:

PEN	DESCRIPTION
02	General purpose forces, operating forces, and bases that support forces (e.g., Camp Lejuene)
05	Guard and Reserve forces (i.e., Marine Forces Reserve)
07	Central supply and maintenance (i.e., LOGCOM and bases of Albany, Barstow, and Blount Island)
08	Training, medical, and other general personnel activities (i.e., Parris Island, San Diego, Quantico)
09	Administrative and associated activities (i.e., HQMC)

b. Object Class and Sub-Object Class Codes (OC/SOC). The OC is described in Section 4002.4. The SOC is a further breakdown of the OC to details of source of supply (e.g., Defense Logistics Agency (DLA), Army Stock Fund) or other further breakdowns of expense type required for budget exhibit OP-32 reporting. Detailed OC/SOC combinations and purposes can be found in SABRS Table 049.

c. Cost Account Code (CAC). The CAC is a four-position code used to classify financial transactions according to their purpose and uniformly identify the cost for management reporting requirements. There are CACs specific for contingency operations, garrison force operations, installations, etc. The Financial Code Manual referenced in Appendix B of this order contains a listing of valid CACs for use in SABRS.

d. Special Interest Code (SIC). The SIC is a three-position code used to collect and track all costs associated with a specific high-interest program or contingency operation regardless of command, BEA, FC, or appropriation. All HQMC assigned SICs will be alpha codes. By use of the standard SIC throughout the Marine Corps, all costs for contingencies (e.g., Iraqi Freedom) or special exercises (e.g., Team Spirit) can be captured and quickly identified at the headquarters level for reporting purposes.

e. Job Order Number/Local Use (JNLU). The JNLU is a four-position code locally assigned by commands to collect information for local classification. This field is also used to place the appropriate Marine Corps Community Services (MCCS), environmental, etc. CAC for labor default transactions passed to SABRS from the Defense Civilian Payroll System (DCPS).

e. Reimbursable Order Number (RON). The RON is a 15-position alphanumeric code that is locally assigned to identify a specific request for reimbursable work that the command has accepted. A RON must be cited within the fiscal codes entered into SABRS for each source document that is chargeable against the accepted customer order. This field is not required for non-reimbursable transactions (direct chargeable transactions against the commands operating funds).

f. Reimbursable Billing Code (RBC). The RBC is a one-position code that is locally assigned in association with a RON to identify one specific LOA cited in the customer order. RBCs will be sequentially assigned, beginning with "A", if the customer order contains more than one LOA.

4004. SUPPORTED INITIATIVES. Standardized financial codes used for recording transactions are required to support the President's Management Agenda (PMA) and reference (f).

1. The PMA, published by the OMB for FY 2002, required that all federal financial systems produce accurate and timely information to support operating, budget, and policy decisions. PMA goals include:

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- a. Enhance financial information usefulness by requiring comparative financial reporting.
- b. Report specific financial performance measurements.
- c. Integrate financial and performance information.
- d. Provide better control over resources used and accountability for results by program managers.

2. Reference (f) outlines that cost information is essential in managing federal government programs to support:

- a. Budgeting and cost control.
- b. Performance measurement.
- c. Determining reimbursements and setting fees and prices.
- d. Program evaluations.
- e. Making economic choice decisions.

3. The above requires consistency and accuracy in classification of execution to provide for comparability and measurement of program results. Basically, programs must be identified in the same manner and execution recorded in a consistent means by all fund holders to ensure program costs provide meaningful information to leadership for decision making.

4005. STANDARD FINANCIAL INFORMATION STRUCTURE. The SFIS is DOD's common business language that includes data elements that support budgeting, accounting, financial reporting, and performance-based management efforts. SFIS elements are grouped around unique identifiers that capture standard data at each financial or business process phase. These phases run from appropriation enactment, allocation distribution, and the transaction cycle of commitment, obligation, expense, and liquidation. Key unique identifiers are:

1. Allocation Unique Identifier. The AUID is the primary budgeting data key that links Department, Appropriation Basic Symbol, period of appropriations availability for new obligations, BA, BSA, and BLI to each source transaction to identify what type of funds are being executed.

2. Organization Unique Identifier. The OUID is the primary data key to identify what command or "who" is executing funds. The OUID is comprised of the UIC, Agency Disbursing Identifier, and Accounting Support Identifier Code (e.g., M00027 (HQMC) 067443 (DFAS-CL for accounting) 06102 (Disbursing Office Symbol)). For Marine Corps, the OUID will also link the BEA and BESA.

3. Demand Unique Identifier. The DUID is the primary key to identify a specific requirement through the transaction cycle. For the Marine Corps the DUID will be the SDN or MILSTRIP number assigned to the source transaction at the commitment phase. Associated with the DUID will be the PIN, CLIN, and SPIN for contracts.

SABRS data elements are being modified to accommodate all of SFIS elements, primarily through tables and source feeder system data exchange. Further information concerning SFIS can be found at the OSD website [http://www.dod.mil/dbt/sfis\\_home.html](http://www.dod.mil/dbt/sfis_home.html).

4006. ACTIVITY BASED COSTING AND ACTIVITY BASED RESOURCE MANAGEMENT. Activity Based Costing (ABC) is a cost accounting technique that allows an organization to determine actual cost associated with each service provided by an organization. It is based on measuring resources consumed by activities or processes and determining the outputs and measures produced by the activity. Activity Based Resource Management (ABRM) is the analytical process of transforming the ABC data into resource allocation distributions.

1. High-level activities were determined and published in reference (h). The published activities became known as the Installation Business Model (IBM). The 37 business processes contained in the IBM are grouped into major function categories for grouping and higher level reporting. The major functions and associated business processes can be found in Appendix F.

2. The Under Secretary of Defense, Acquisition, Technology, and Logistics (AT&L) is pursuing a DOD Installation Support Function model similar to the IBM. The IBM business processes will become a DOD standard for cost collection for installations in the near future. Installation cost must be collected through financial codes that reflect these processes. The Marine Corps will accomplish this through the use of FCs and BESAs described later in this chapter.

4007. MARINE CORPS PROGRAMMING CODES. The Marine Corps uses the PBDD as the source system for POM development and ultimate translation of the approved POM into the budget submission. The key



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to the system for resource categorization and tracking is the MCPC. The MCPC groups like functions, regardless of appropriation, into a total resource prospective for funding decisions. The MCPC is not contained in SABRS. This code for linkage of execution back to the program amounts will be done through the use of FC, BESA, BLI, and select CACs. These linkages for bases, forces, and other support elements are contained in the standalone Financial Code Manual referenced in Appendix B.

4008. FISCAL CODE HIERARCHY. All transactions entered into the accounting system contain financial codes that directly or through table linkages provide data for execution identification that reflects the type of funds executed, what command executed the funds, and the purpose or process supported by the executed funds.

1. The hierarchy of purpose codes, from highest level to lowest, is:

LEVEL	PURPOSE CODES
1	Appropriation Symbol (APPN)
2	Budget Activity (BA) (Subhead link O&M appropriation)
3	Budget Sub-Activity (BSA)
4	Budget Line Item (BLI) (Subhead link Procurement, Marine Corps (PMC) appropriation)
5	Special Interest Code (SIC)
6	Marine Corps Programming Code (MCPC)
7	Program Element Number (PEN)
8	Business Process
9	Object Class (OC)
10	Sub-Object Class (SOC)
11	Cost Account Code (CAC)

2. The hierarchy of organizational codes, from highest level to lowest, is:

LEVEL	ORGANIZATIONAL CODES
1	Major Command Recipient Identifier (MRI)
2	Allotment Recipient Identifier (ARI)
3	Sub-Allotment Recipient Identifier (SRI)

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LEVEL	ORGANIZATIONAL CODES
4	Work Center Identifier (WCI)
5	Budget Execution Activity (BEA)
6	Budget Execution Sub-Activity (BESA)

3. The above codes form the basis for cost collection and categorization of all financial transactions in SABRS. They identify what funds were executed (i.e., APPN, BA, BSA, BLI, and PEN), what command and element executed funds (i.e., MRI, ARI, SRI, WCI, BEA, and BESA), and what purpose funds were executed (i.e., SIC, MCPC, Business Process, OC, SOC, and CAC).

4. These codes are either directly entered with each source transaction or associated through various tables. For example, when the FC cited on a source transaction is entered into SABRS, the appropriate APPN, BEA, BESA, BLI, and PEN are associated in SABRS with the transaction.

Chapter 5

Managerial Cost Accounting Concepts and Principles

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## Chapter 5

### Managerial Accounting Principles

5000. GENERAL. Managerial cost accounting is the process of accumulating, measuring, analyzing, interpreting, and reporting cost information useful to both internal organization managers and higher headquarters. It is concerned with the way the organization uses, accounts for, safeguards, and controls its resources to meet mission and program requirements. This chapter will cover cost principles, Marine Corps standardization of cost collection, and adherence with reference (f).

5001. COST DEFINED. In its simplest definition, cost is the amount paid or required in future payment for the purchase of goods, services, equipment, etc. Cost can also be described as the amount initially sacrificed to purchase an asset or service. Cost also approximates the market value of the asset or service when it is acquired.

5002. COST PRINCIPLE. The principle of cost requires that financial statement information be based on costs incurred in business transactions. Business transactions include payrolls, authorized travel, material purchases, service contracts, etc. and are initiated into the accounting system through the transaction cycle (i.e., commitment, obligation, expense, and liquidation). The cost principle is the accepted standard because it puts relevant and measurable information in the financial statements based on actual costs and values versus estimates.

5003. COST ACCOUNTING TERMS. The standalone Financial Code Manual referenced in Appendix B of this order contains a glossary of terms pertaining to cost accounting. Refer to this source on any terms used in this chapter that are not familiar to the reader.

5004. SUPPORTED INITIATIVES. Cost accounting standards used for recording transactions are required to support the PMA and SFFAS 4.

1. The PMA, published by the OMB for fiscal year 2002, required federal financial systems produce accurate and timely information to support operating, budget, and policy decisions. PMA goals include:

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a. Enhancing financial information usefulness by requiring comparative financial reporting.

b. Reporting specific financial performance measurements.

c. Integrating financial and performance information.

d. Providing better control over resources used and accountability for results by program managers.

2. Reference (f) outlines that cost information is essential in managing federal government programs to support:

a. Budgeting and cost control;

b. Performance measurement;

c. Determining reimbursements and setting fees and prices;

d. Program evaluations; and

e. Making economic choice decisions.

3. The above requires consistency and accuracy in classification of execution costs to provide for comparability and measurement of program results. Basically, programs must be identified in the same manner and execution recorded in a consistent means by all fund holders to ensure program costs provide meaningful information to leadership for decision making. Identification of program costs and categorization of costs is performed through fiscal codes.

5005. MANAGERIAL COST ACCOUNTING OBJECTIVES. The objectives for Managerial Cost Accounting in the Marine Corps are:

1. Link resources to programs and business processes;

2. Link execution information back to original program and budget request amounts;

3. Link execution, through supported programs and business processes, with activities and the outputs produced by those activities;

4. Provide collection of total cost, i.e., military labor, civilian labor, procurement, and other operations costs, to a program for determining "true cost" of outputs; and

5. Analyze and compare output costs for the same functions across the Marine Corps and establish benchmark standards.

5006. DEFINING ACTIVITIES

1. The first step to cost collection for meaningful analysis is defining what the organization does or simply what activities are performed. At a high level, these have been defined at OSD through PENs. The Marine Corps has taken this a step further by refining activities for internal resource programming through the MCPC and through the establishment of installation business processes. The below chart reflects a direct PEN to MCPC and Business Process relationship. Bases supporting the operating forces are used for this example:

**FC AND PEN TO MCPC AND BUSINESS PROCESS FOR FORCES BASES**

FC	PEN	PEN TITLE	MCPC	MCPC TITLE	BUSINESS PROCESS
AC	0202176M	FAC Restore & Modern Forces	640104	FAC Restore/Modern	FSRM
AE	0202178M	FAC Sustain Forces	640204	FAC Sustainment	FSRM
AI	0208093M	Demo/Disposal Excess FAC	640502	FAC Demolition	Provide Real Property SVC
BL	0808789M	Drug Demand Reduction	690502	Marine & Family SVC	Provide Personnel SVC Program
DY	0808751M	Civilian Education Program	660698	Training Support	Provide Civilian Training
HR	0208853M	Environmental Conservation Forces	630298	Environmental SVC	Provide Environment SVC
HS	0208854M	Pollution Prevention Forces	630298	Environmental SVC	Provide Environment SVC
KP	0202056M	Environmental Compliance Forces	630298	Environmental SVC	Provide Environment SVC

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FC	PEN	PEN TITLE	MCPC	MCPC TITLE	BUSINESS PROCESS
HK	0206495M	Base Communications Forces	630404	Information Management	Provide Voice SVC
HP	0208719M	Child Development	690702	Child & Youth Program	Provide Child & Youth Program
HQ	0208720M	Family Services	690502	Marine & Family SVC	Provide Personnel SVC Program
JD	0202057M	Safety Forces	630604	Safety	Manage Safety Program
HL	0206496M	Base Operations Forces	Various MCPCs		Various Business Process
HJ	0206479M	Real Property SVC Forces	Various MCPCs		Various Business Process

2. PENs for Base Operations and Real Property Service apply to several MCPCs and installation business processes. An example of this is the Base Operations PEN for bases supporting the operating forces. The below table illustrates applicable MCPCs and installation business process for the Forces Base Operations PEN:

**PEN RELATIONSHIP TO MCPC AND BUSINESS PROCESS -  
BASE OPERATIONS FORCES**

PEN	PEN TITLE	MCPC	MCPC TITLE	BUSINESS PROCESS
0206496M	Base Operations Forces	630104	Security	Provide Security
0206496M	Base Operations Forces	630204	Command & Staff	Provide Command Support
0206496M	Base Operations Forces	630204	Command & Staff	Manage Community Relations



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<b>PEN</b>	<b>PEN TITLE</b>	<b>MCPC</b>	<b>MCPC TITLE</b>	<b>BUSINESS PROCESS</b>
0206496M	Base Operations Forces	630204	Command & Staff	Provide Legal Support
0206496M	Base Operations Forces	630204	Command & Staff	Provide Religious Support
0206496M	Base Operations Forces	630304	Financial & Personnel Management	Manage Financial Resources
0206496M	Base Operations Forces	630304	Financial & Personnel Management	Provide Personnel Support
0206496M	Base Operations Forces	630404	Information Management	Provide Data Services
0206496M	Base Operations Forces	630404	Information Management	Provide Ground Elect Maint
0206496M	Base Operations Forces	630504	Training & Operations Support	Provide Military Training
0206496M	Base Operations Forces	630504	Training & Operations Support	Provide Civilian Training
0206496M	Base Operations Forces	630504	Training & Operations Support	Provide Range Management
0206496M	Base Operations Forces	630504	Training & Operations Support	Provide Simulation Support
0206496M	Base Operations Forces	630504	Training & Operations Support	Provide Visual Information
0206496M	Base Operations Forces	631198	Procurement & Supply	Provide Supply Services

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<b>PEN</b>	<b>PEN TITLE</b>	<b>MCPC</b>	<b>MCPC TITLE</b>	<b>BUSINESS PROCESS</b>
0206496M	Base Operations Forces	631198	Procurement & Supply	Provide Procurement Services
0206496M	Base Operations Forces	631398	Garrison Transportation	Provide Transportation
0206496M	Base Operations Forces	631498	Aviation Operations Support	Provide Aviation Operations Support
0206496M	Base Operations Forces	631902	Installation Reform Cost	Manage Business Practices
0206496M	Base Operations Forces	690102	MC Family Team Building	Provide MCFTB Activities
0206496M	Base Operations Forces	690202	Semper Fit Programs	Provide Physical Wellness/Sport
0206496M	Base Operations Forces	690302	Life Long Learning Program	Provide Life Long Learn Program
0206496M	Base Operations Forces	690802	MCCS Business Operations	Provide MCCS Business Operations Support
0206496M	Base Operations Forces	690902	MCSS General Support	Provide MCCS General Support

3. SABRS does not contain an MCPC or Business Process field. Fiscal codes, entered into SABRS with each source document, are used to create the linkage with MCPC and business process for execution classification. This is primarily accomplished through the FC (links the APPN, Subhead, Activity Group (AG), Sub-Activity Group (SAG), BLI, and PEN to the transaction) and the BESA code. BESA codes have been standardized for all O&M, MC funded commands and activities. The table below provides an example of BESA codes and their associated MCPCs and business processes. Note that there is an increase in BESAs associated with MCPC and business processes

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reflected in the previous table. The reason for this is to provide further breakdown and classify activities for cost collection and reporting purposes.

**BESA CODES USED FOR EXECUTION UNDER FC HL (BASE OPERATIONS FORCES)**

<b>BESA</b>	<b>BESA TITLE</b>	<b>MCPC</b>	<b>MCPC TITLE</b>	<b>BUSINESS PROCESS</b>
SS	Security	630104	Security	Provide Security
CG	Command & Staff	630204	Command & Staff	Provide Command Support
CI	Inspector	630204	Command & Staff	Provide Command Support
CS	Adjutant	630204	Command & Staff	Provide Command Support
CC	Public Affairs	630204	Command & Staff	Manage Community Relations
CL	SJA	630204	Command & Staff	Provide Legal Support
CH	Chaplain	630204	Command & Staff	Provide Religious Support
CF	Comptroller	630304	Financial & Personnel Management	Manage Financial Resources
CE	Business Performance	631902	Installation Reform Cost	Manage Business Practices
CM	Manpower Management	630304	Financial & Personnel Management	Provide Personnel Support
CR	Human Resources	630304	Financial & Personnel Management	Provide Personnel Support
DD	Data Services	630404	Information Management	Provide Data Services
DE	IT Electronics	630404	Information Management	Provide Data Services
TM	Training & Operations	630504	Training & Operations Support	Provide Military Training

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BESA	BESA TITLE	MCPC	MCPC TITLE	BUSINESS PROCESS
TC	CCCT/CLD Civilian Training	630504	Training & Operations Support	Provide Civilian Training
TH	Range Control	630504	Training & Operations Support	Provide Range Management
TJ	Explosive Ordnance EOD	630504	Training & Operations Support	Provide Range Management
TR	Range Operations	630504	Training & Operations Support	Provide Range Management
TS	Simulator Support	630504	Training & Operations Support	Provide Simulation Support
TV	Audio Visual	630504	Training & Operations Support	Provide Visual Information
LL	Logistics Management	631198	Procurement & Supply	Provide Supply Services
LS	Supply Operations	631198	Procurement & Supply	Provide Supply Services
LP	Contracting Office	631198	Procurement & Supply	Provide Procurement Services
LM	Motor Transport	631398	Garrison Transportation	Provide Transportation
LT	Traffic Management Office	631398	Garrison Transportation	Provide Transportation
TA	Airfield Operations	631498	Aviation Operations Support	Provide Aviation Operations Support
TE	Air Ground Elec Maintenance	631498	Aviation Operations Support	Provide Aviation Operations Support
TT	Air Traffic Control	631498	Aviation Operations Support	Provide Aviation Operations Support

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BESA	BESA TITLE	MCPC	MCPC TITLE	BUSINESS PROCESS
TF	Crash Fire Rescue	631498	Aviation Operations Support	Provide Aviation Operations Support
TG	Aircraft Recovery	631498	Aviation Operations Support	Provide Aviation Operations Support
MT	MCCS MCFTB	690102	MC Family Team Building	Provide MCFTB Activities
MW	MCCS Semper Fit	690202	Semper Fit Programs	Provide Physical Wellness/Sport
ML	MCCS Lifelong Learning	690302	Life Long Learning Program	Provide Life Long Learning Program
MB	MCCS Business Operations	690802	MCCS Business Operations	Provide MCCS Business Operations Support
MG	MCCS General Support	690902	MCSS General Support	Provide MCCS General Support

4. Our activities are described through the MCPC and business process. For supporting establishment, the link is made through the FC, FC and BEA, FC and BESA, or FC and BEA/BESA combination. These linkages can be found in the standalone Financial Code Manual referenced in Appendix B of this order. Structures are identified in the Financial Code Manual by WCI code.

5007. OTHER COST IDENTIFICATION ELEMENTS. The activity matrix provides macro level execution information, but does not provide enough detail for execution analysis. Additional breakdowns are required to identify expense categories and further identify sub-activities within the MCPC and business processes. This is accomplished through the following codes:

1. Object Class. The OC identifies the expense purpose incurred with the source transaction. These codes are listed in the Financial Code Manual referenced in Appendix B of this order. Common OCs are:

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OC	DESCRIPTION
110	Civilian Labor
120	Labor Fringe Benefits
210	Travel/Transport of Personnel
220	Transportation of Things
230	Rents, Utilities, and Communications
240	Printing and Reproduction
250	Contracts and Other Services
260	Supplies and Materials
310	Equipment

2. Cost Account Code (CAC). The CAC identifies the purpose or sub-activity being executed with the source transaction. CACs provide managers with greater detail on execution to the key sub-activities within an MCPC or business process. For example, under the activity of provide security, CACs have been established to identify the major sub-activities that are undertaken to provide the overall security function. These are:

CAC	"PROVIDE SECURITY" MAJOR SUB-ACTIVITIES
6B00	Security Operations and Management
6B21	Military Working Dogs
6B80	Brig Operations and Management
6B90	Investigation Operations
ATFP	Anti Terrorism and Force Protection Operations
HBAR	Harbor Security Operations

The Financial Code Manual referenced in Appendix B of this order contains a listing of valid CACs and associated business processes for use in recording financial transactions in the accounting system.

#### 5008. EXECUTION INFORMATION PROVIDED THROUGH THE FISCAL CODES

1. Each source transaction entered into the accounting system for O&M appropriations contains the following fiscal codes:

- Work Center Identification (WCI)
- Budget Execution Activity (BEA)
- Budget Execution Sub-Activity (BESA)
- Fund Code (FC)
- Object Class (OC)
- Cost Account Code (CAC)

2. From these elements the following data can be retrieved from the accounting system for any source document or a roll up of information by the following:

- Department Code (link through FC)
- Appropriation Symbol (link through FC)
- Fiscal Year
- Budget Activity (link through FC)
- Budget AG and SAG (link through FC)
- Program Element Number (link through FC)
- Executing Command (WCI code)
- Executing Command Activity (BEA and BESA codes)
- MCPC (link through FC, BEA, and BESA)
- Business Process (link through FC, BEA, and BESA)
- Object Class
- Cost Account Code

3. These codes provide the needed financial information to link the budget and program with execution to meet the requirements of the PMA and SFFAS 4. For example, the following fiscal codes were entered into the accounting system with an obligation transaction:

(WCI)	(BEA)	(BESA)	(FC)	(OC)	(CAC)
M00263	LM	LM	EU	260	6310

4. From these fiscal codes, the following information is obtained:

DATA OBTAINED FROM FISCAL CODES	
Department Code	= 17 (Department of the Navy)
Appropriation Symbol	= 1106 (Operations & Maintenance, MC)
Budget Activity	= 3 (Training and Recruiting)
FUND-FUNC	= BSS3 (Base Operations Support)
PEN	= 0805796M (Base Operations - Training)

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DATA OBTAINED FROM FISCAL CODES	
Executing Command	= M00263 (MCRD, Parris Island)
BEA	= LM (Motor Transport)
BESA	= LM (Motor Transport)
MCPC	= 631398 (Garrison Transportation & Management)
Business Process	= Provide Transportation
OC 260	= Supplies and Materials
CAC 6310	= Vehicle Maintenance

In summary, Parris Island executed O&M funds in support of the training mission for base operations to purchase materials for vehicle maintenance in the garrison motor transport process.

#### 5009. NON-FINANCIAL DATA REQUIRED FOR COMPLIANCE

1. The previous paragraphs addressed collecting execution data through a standard structure that ensures data integrity across the Marine Corps and is comparable with the original program and budget. However, this does not fully meet the requirements of the PMA and reference (f).
2. Reference (f) requires non-financial measures to identify the quantity and quality of program outputs. Outputs are any product or service generated through the consumption of resources (e.g., labor efforts, material) used in support of that business process.
3. Output measures for business processes will be developed and published in separate orders/correspondence by the Center for Business Excellence Deputy Commandant, Installations and Logistics (Logistics and Resources) (DC I&L (LR)). Methods for collecting and reporting required process measures will be provided through DC I&L (LR) in separate guidance or orders.

5010. EFFICIENCY AND EFFECTIVENESS. These terms apply to the program results. Effectiveness is the degree, when compared to a standard, that the program meets mission objectives of providing required goods and services. Efficiency is the measure, when compared to a standard, of the cost of providing the program and its outputs. A program can be effective (i.e., meets mission requirements), but may not be efficient (i.e., cost per output greater than the program standard). On the other hand, a program can



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be efficient in terms of resources consumed, but not effective in providing the level of outputs required for full mission accomplishment. One of the goals of managerial accounting is program analysis to determine those value added activities that support mission accomplishment, while providing the required level of activity at the least cost.

#### 5011. PROGRAM OUTCOME

1. The results of a program activity compared to its intended purpose. Program results may be evaluated in terms of service or product quantity and quality, customer satisfaction, or program effectiveness. Program outcomes should be comparable to a benchmark standard for the program to determine the command's variance to standard and efficiency in providing the program.
2. Program outcomes should be based on the full cost of the program. Full cost includes the direct O&M cost expended in the program operations, plus the cost and full-time equivalent military labor assigned to and supporting the program, plus other appropriations such as procurement or OSD funding required for program accomplishment.
3. Program outcomes are one of the key indicators in determining the effectiveness and efficiency of a program.

#### 5012. DISCRETIONARY AND NON-DISCRETIONARY COSTS

1. Discretionary costs are those that can be influenced by the action of the responsible manager. Examples are the cost of sending an employee to a conference, hiring a new employee, or purchasing new furniture. The decision to incur the additional cost is controlled by a responsible manager.
2. Non-discretionary or fixed costs are those that, in the short term, cannot be influenced by a responsible manager. Examples are the monthly telephone and utility bill.
3. Time influences the conditions of cost in determining if the cost is discretionary or fixed. In the short term, certain costs are relatively fixed and must be paid. The entitlements paid to the civilian work force are fixed and essentially uncontrollable in the short term. However, portions of this cost become controllable when an employee retires or leaves the command for other reasons. The cost of replacing the employee is controllable because leadership

must approve a replacement hiring. If the billet is not filled, there is a cost savings. If the billet is filled, the employee cost, in the short term, becomes an additional non-discretionary cost to the command.

5013. DIRECT AND INDIRECT COSTS. The costs of a program are considered either direct or indirect cost:

1. Direct costs are resources consumed by the activity that can easily be traced to the program outputs. For example, the maintenance activity of the motor pool where the direct costs are the labor costs of the mechanics maintaining the vehicles and the parts used during maintenance.

2. Indirect cost are resources consumed that support an activity, but cannot be directly associated with the outputs. For example the dispatching function of the motor pool is an indirect cost of vehicle operations. It is not directly attributable to any one vehicle's operating cost but is necessary to assign and administratively track vehicles and their usage. Indirect costs can be categorized as:

a. Overhead. Management, administrative, and non-productive time of personnel and resources required to maintain the program and activities.

b. Organizational Sustaining. Support costs from other activities that are required to support the personnel and operations of another activity. Examples are the cost of Human Resources is an organizational sustaining cost to the motor transport function, specifically they support the civilian workforce within the motor transport function.

5014. COST DEPENDENCY

1. The decision to expand an activity can have cost dependency or "tails" that increase operating costs in another activity or business process. An example of this is a Military Construction (MILCON) project to build two new barracks at a command. Costs of this project would include more than the MILCON funding such as:

- O&M funding for design of the barracks
- O&M funding for an environmental impact study
- Procurement funding for IT and Communication switches
- O&M and possible Procurement for collateral equipment
- O&M for initial furniture purchase

2. The above are examples of costs required to plan, build, and initially outfit the new barracks for occupancy. Once occupied, other costs to the commands annual operating budget will increase for barracks consumable supplies and utilities for water, sewage, electricity, etc. to operate the building. All these costs must be considered and programmed to cover the baseline operating increase(s) at the command.

3. In most cases, the expansion of one activity will add workload or additional costs in other activities. For example, if a command determines a new civilian position is required to meet workload demands within an activity, not only would the salary and fringe benefits be considered in the decision, but other factors such as an additional seat cost for Navy/Marine Corps Intranet, the consumables required by the new employee, furniture, training costs, etc. must be considered. Additionally, for each employee added, work load in areas such as the Human Resources Office, time and attendance recording, etc. will increase. At a certain point, the increases in personnel to a command will require an increase of supporting personnel due to workload.

4. When preparing estimates on the funding impacts of any mission increase or activity expansion, consideration of other cost impacts and workload increases should be included to provide leadership with the full funding impact prior to a final decision.

#### 5015. BASICS OF COST ANALYSIS

1. Analysis of cost data is performed to determine the effectiveness and efficiency of a program or activity. Analysis should answer:

a. Is the activity efficient in resource use in providing goods and services?

b. Is funding sufficient for the activity to be effective in meeting mission goals?

c. Is the program on track compared to funding plans, prior year's execution, and output levels within resources allocated?

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2. The first key to performing a cost analysis is ensuring that proper categorization and collection of execution information is being performed by the activity. Correct assignment of FC, BEA, BESA, OCs, CACs, and SICs on each source document is essential to ensure that the data being analyzed is not misrepresented. For example, if the default fiscal codes assigned to an employee in DCPS is not correct, one activity in the command will be overstated in respect to operating expenses, while another activity will be understated. Further, costs in support of a contingency could be charged in the accounting system against the commands baseline funding. Each of these examples will provide inaccurate execution information when determining the true cost of an activity.

3. The second key is identifying the activity's baseline funding (i.e., the original approved four-quarter funding plan provided to the activity manager by the Commanding General/Officer at the start of the fiscal year) and isolating the amount of increases or decreases and the reason for the funding changes to the activity's baseline amount during the year. This is important for several reasons:

a. Determining if an increase was required for a "one time" requirement or if the increase will be required in subsequent years (i.e. mission scope increase that is not currently funded via the program and will require an initiative submission in the next POM cycle).

b. Determining why a decrease was required and if the reduction was only for this year (e.g., under execution of the program or a higher command priority that required funding reduction to this program to help pay for the higher priority) or if the reduction is applicable to subsequent years (i.e., improved processes that resulted in tangible cost reductions in the operation of the activity).

4. The third key is performing a mission review of the activity. What products or services is the activity responsible for? Who is the customer(s) of these services? How is the output level of service measured to determine if the activity is effective in their performance? Bottom line, you need a basic understanding of why the activity exists and whom they support to determine if their execution information makes sense to their mission tasks.

5. Once an understanding is gained of the mission and funding of an activity, the actual execution data can be examined. Several factors should be considered as execution data is reviewed:

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a. How does the current execution data compare to previous years execution for the same time frame (e.g., same month, quarter)?

b. Has there been an increase in mission scope compared to prior years?

c. Are the services provided by the activity fairly constant or cyclical? An example of this is the increased workload of Transportation Management Office (TMO) in the spring and summer for household goods shipments compared with the fall and winter months.

d. Does the activity have one predominant expense type (e.g., civilian labor) that consistently executes throughout the year or is the activity's mission accomplishment heavily dependant on support contracts? Are these contracts predictive in nature (e.g., annual recurring requirement) or are they project or situational driven?

e. Is the command remote with limited external vendors available for support? This can have a significant impact on the cost of contractual services due to limited competition.

f. Are the employee's skills (i.e., series or Military Occupational Specialty) compatible or make sense for the activities missions (e.g., is the employee an electrical engineer by series working in the safety department)?

6. An understanding of activity missions, past execution, funding levels, and outputs are essential in performing analysis of cost information. Numbers alone will not provide enough information to determine a program's efficiency and effectiveness. All cost must be looked at in context of mission requirements and should be comparable to output and benchmark standards to determine the overall program efficiency.

Chapter 6

Transaction Cycle, Source Documents, Business Feeder Systems and  
Financial Record Maintenance

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## Chapter 6

### Transaction Cycle and Source Documents

6000. GENERAL. This chapter provides the fund manager with the information necessary to record transactions in the accounting system, monitor source documents, reconcile source documents with the official accounting records, maintain current fund balances available for spending, and to establish and maintain source document files. This chapter also explains the procurement cycle and the current business feeder systems used to obtain the required goods and services necessary to support the unit's mission requirements.

#### 6001. AVAILABILITY OF BUDGETARY RESOURCES

1. Prior to the creation of a requisition to obtain goods and services the fund manager must review the requirement to ensure it passes some basic fiscal law conditions. These conditions are:

- a. Purpose.
- b. Time.
- c. Amount.

2. Purpose. Funds may be obligated and expended only for the purposes authorized in appropriations acts or other laws. What this basically means is you use the correct appropriation to fund your requirements. The key element of satisfying the purpose condition is the "Necessary Expense Doctrine." The necessary expense doctrine comprises three basic tests to ensure the correct appropriation is being used to fund your requirement. These are:

a. Logical Relationship. What you are ordering makes sense under the funding type you're using. For example the Operations and Maintenance appropriation is used to fund normal training, fuel, consumable supplies, etc. You use Procurement Appropriation to purchase Tanks and other major military equipment.

b. Not Prohibited by Law. The purchase you are about to make is allowed under the appropriation act, authorization act, or other laws.



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c. Not Funded for Elsewhere. This means you review your purchase request to ensure that the item is not funded for specifically in another appropriation. For examples the Military Personnel appropriation is used to fund the wages of Marines, not O&M. This condition is normally a key factor in distinguishing using O&M for a purchase or PMC. The current procurement threshold for funding is \$250K. However, many items that cost below this amount are still funded with procurement funds and not O&M. Check with the comptroller office on questions about the correct appropriation prior to submitting the requisition.

3. Time. This condition is satisfied by:

a. The appropriation cited on the request is still available to incur new obligations.

b. Bona Fide Need. A fiscal year appropriation may be obligated only to meet a legitimate, or bona fide, need arising in, or in some cases arising prior to but continuing to exist in, the fiscal year for which the appropriation was made. Basically, you use current funds for current requirements and needs and not to fund next year or out year requirements.

4. Amount. You have sufficient un-obligated and available funds to cover the amount of the request.

#### 6002. INTRODUCTION TO THE FINANCIAL TRANSACTION CYCLE

1. All fund managers receive funding to support their organization and mission needs. This ranges from obtaining supplies, fuel, service support contracts, training, and sending personnel on temporary duty to attend conferences, working groups, etc. The steps for obtaining all this support is basically the same. These steps are:

a. Requirements Generation. Managers and users determine the need for materials, services, training, conference attendance, etc. to support their functions and overall mission accomplishment.

b. Requirements are approved and authorized by management within the organization.

c. Once the requirement is approved, a request for travel, training, contracting action, supply order, etc. is placed.

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d. The order placed is accepted by the providing organization or activity.

e. The materials and contract services are received, the travel is accomplished, or the training occurs.

f. The goods, services, travel, or training is paid for.

2. The basic steps that occur to obtain goods and services are closely followed by financial transaction actions and follow a five step process called the Transaction Cycle. All individual requests for goods, services, training, and travel pass through the transaction cycle.

#### 6003. FINANCIAL TRANSACTION CYCLE

1. All source documents that are processed into the accounting system enter through a five-phase process called the transaction cycle. These five steps are referred to as: initiation (procurement and RDT&E appropriations only), commitment, obligation, expense and liquidation and are initiated as each step in the procurement cycle is completed.

a. Initiation. An initiation is the administrative reservation of funds based upon procurement directives or equivalent instruments, which authorizes preliminary negotiations looking toward the creation of obligations, but providing for recourse to the official responsible for administrative control of funds prior to incurrence of the obligations. Transactions are initiated using PRBuilder.

b. Commitment. A commitment is a firm administrative reservation of funds, based upon firm procurement directives, orders, requisitions, authorizations to issue travel orders, or requests which authorize the recipient to create obligations without further recourse to the official responsible for certifying the availability of funds. The act of entering into a commitment is usually the first step in the process of spending available funds. The effect of entering into a commitment and the recording of that commitment on the records of the allotment is to reserve funds for future obligations. A commitment is subject to cancellation by the approving authority to the extent that it is not already obligated.

c. Obligation. An obligation is a firm, legally binding agreement between parties for the acquisition of goods or services. This phase is important in that when an official document describing a financial transaction exists, the government is legally and

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contractually liable for the amount shown on the source document. Once funds are obligated, the official unobligated available balance of the fund manager's account is decreased. Commands creating obligations in excess of authorizations could cause a violation of Section 1517 of reference (a) at the level where the funding limitation is held. An obligation may be de-obligated when both parties agree and supporting documentation is provided to update the accounting system.

d. Expense. An expense occurs when material and services ordered are received and accepted by a designated authorized receiving point. The expense amount creates the accounts payable amount in the accounting system and controls the amount billed for reimbursable transactions.

e. Liquidation. A liquidation is the payment for goods or services that were ordered and received. Liquidations or payments are made after the finance officer receives an invoice from a vendor or government agency requesting payment.

2. The transaction cycle is directly related to the procurement process. In all cases, the purchase of goods and services follows the same process: order, receipt and payment. Once a requisition form is generated and approved, an official accounting record is established in the accounting system citing the document number of the requisitioner and other pertinent information. As the procurement process continues, additional government forms are generated. These forms represent the movement along the procurement process. The initial accounting record is then amended to reflect the current status of the order.

3. All transactions are processed through the same phases; however, some transactions can be processed through combined phases. For example, when a local procurement is made via credit card and the items are receipted for at the time of purchase, the transaction will be recorded into the accounting system as a simultaneous commitment, obligation and expense.

6004. TRANSACTION RECORDING PROCESS. The transaction recording process is the process whereby official accounting records are created and recorded in the accounting system. All entries should be recorded in the accounting system as soon as possible and no later than 10 calendar days from receipt of the source document that accurately reflects the proper transaction cycle stage of each unique document number (i.e. commitment, obligation, expense, liquidation or a combination thereof). The basis of the transaction recording

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process is supported by various common source documents discussed in section 6005.

6005. COMMON SOURCE DOCUMENTS

1. In the process of obtaining the required goods and services, an order is placed. When placing an order a source document is created. Source documents contain all the required financial and order data required to obtain the needed goods or services.

2. Source documents can be created in two ways; manually (physically typing in the required information in a pre-established or standard form) or electronically (entering into a computer or business feeder system the required elements to make the order). In either case, the transaction information must get into SABRS by either manual update (user enters transaction information into SABRS) or by electronic interface with a source business feeder system into SABRS.

3. In today's environment, rarely is a manual source document created. We input our requirements for goods and services into various business feeder systems, such as PR Builder. However, the basic information contained on the forms is the same information entered into the business feeder system. The business feeder system basically duplicates the manual form and processes the entered information through the transaction cycle to obtain goods and services.

4. For material and service type transactions the common source documents are:

a. DD 1348 DOD Single Line Item Requisition System Document. The DD 1348 is used to requisition materials or services from federal sources. The DD 1348 can be used to commit and obligate funds. A Fund Code is used to identify the appropriation to be charged. The document uses a MILSTRIP document number.

b. DD 1149 Requisition and Invoice/Shipping Document. The DD 1149 is used to initiate the requisition of materials or services from federal and non-federal sources. The document will use both the MILSTRIP document number and the SDN. This form is used to request goods and services and when approved becomes a commitment. This form can also be used as a receipt/receiving report once goods and services are delivered and becomes your evidence for recording an expense in SABRS.

c. DD 1155 Order for Supplies or Services. The DD 1155 is a multi-purpose form used throughout the DOD to document the legal,

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binding contract issued to a private business for providing goods or services to the government. The DD 1155 is an obligation document that can also be used as a receipt document if the receipt block has been signed. If the bottom left-hand blocks are complete, it is an expense document. If neither of these blocks is completed, the DD 1155 is always an obligation document. If additional space is required when completing the DD 1155, the SF 36 Continuation Sheet is used. The SF 1449 is phasing out the DD 1155.

d. SF 1449 Solicitation/Contract/Order for Commercial Items. The SF 1449 is replacing the DD 1155. The form contains identical information as the DD 1155 and serves the same purpose for contract award.

e. SF 30 Amendment of Solicitation/Modification of Contract. The SF 30 is used to amend or modify an existing DD 1155 or SF 1449 (i.e., obligating document). This form is commonly used to change price, quantity, color, etc. on the original contract. It is also used to cancel a contract in its entirety. Some changes, such as color or size, may not have a financial impact, while other modifications or even a cancellation, will impact SABRS and a fund manager's account.

f. DD 250 Material Inspection and Receiving Report. The DD 250 is used to record the receipt of goods shipped by a commercial vendor to a government receiving point. For example, when a vendor ships goods to the government, the receiving point will verify receipt, inspect the goods to ensure they conform to the specifics of the contract and complete the DD 250 when goods are determined acceptable. The purpose of this form is to document the receipt of material and is therefore considered an expense document.

g. DD 448 Military Interdepartmental Purchase Request (MIPR). The DD 448 authorizes funds for an external command, outside the Department of the Navy, to perform work or services for the requesting command. For example, if a Marine unit is training at an Army base, the Marine unit will send funds to the Army Base comptroller with the DD 448 to fund work or services required by the Marine unit. An SDN with a DTC of MP is required on the document. DD 448 is always a commitment document because it documents the request to the external command to perform the services required. The external command has the option of accepting or declining the work request.

h. DD 448-2 Acceptance of MIPR. The DD 448-2 is the formal acceptance to the DD 448 used with other government agencies outside the DON. If the external agency determines they can perform the

requested work or services, the external agency will complete the DD 448-2 and forward the document to the requesting activity. Receipt of this document from the performing activity constitutes an obligation of funds from the requesting unit's accounts. The performing activity can choose whether to accept the funds on a direct cite or reimbursable basis by checking Block 6a or 6b on the DD 448-2.

i. NAVCOMPT 2275 Order for Work and Services. The NAVCOMPT 2275 is used to request reimbursable work or services from any organization element within the Department of the Navy. The form authorizes funds for an external command to perform work or services for the requesting command. For example, a Marine unit is training at a Navy base. The training unit will send funds to the external fiscal office or comptroller to perform work or services for the unit that is conducting the training. The NAVCOMPT 2275 requires an SDN with a DTC of WR. Prior to the acceptance by the performing activity, the NAVCOMPT 2275 is considered a commitment document to the requestor. Once signed and accepted by the performing activity the form becomes an obligation document.

j. NAVCOMPT 2276 Request for Contractual Procurement. The NAVCOMPT 2276 is used to request contracting action for work or services from a Navy contracting office or office in support of the command such as a facility maintenance contract (2276 is used to request contracting support from Navy Public Works). This form is a commitment when accepted. The obligation is created once the actual contract (DD 1155 or SF1449) is issued. This form requires an SDN with a DTC of RC.

k. DD 282 DOD Printing Requisition/Order. The DD 282 is used to request printing/publication orders from the Navy or other DOD components. This form requires an SDN with a DTC of PT. Instructions for completing the DD 282 are contained in reference (j). This form is considered a commitment when it has been created but not approved. After the document has been approved and subsequently delivered to the printing office, it becomes an obligation document. This document can also be used as an expense document if the total amount of the order (i.e., actual cost) is written on the form after it has been returned with the order from the printing office.

l. SF 182 Authorization, Agreement, and Certification of Training. The SF 182 is used to request and authorize payment or reimbursement for training classes for both civilians and military personnel. (Note: DOD memorandum of 25 September 1998 directs that the purchase card be used as the method of payment for all training

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requests valued at or below \$25,000.) This form is considered a commitment form when it has been created but not approved. After the document has been approved, it becomes an obligation document.

m. SF 1164 Claim for Reimbursement for Expenditures on Official Business. The Standard Form 1164 is used to reimburse government employees for expenses they have incurred during the conduct of official government business. This form is usually used to reimburse employees for mileage when authorized to use a Privately Owned Vehicle (POV) for official government business. Since this form authorizes reimbursement, it is classified as a commitment, obligation and expense in one transaction. This form requires an SDN with a DTC of RV.

#### 6006. DOCUMENT TYPE CODES (DTC) FOR STANDARD DOCUMENT NUMBERS

1. The two-digit document type code used to construct the standard document number is critical within SABRS. SABRS keys off the DTC for additional elements required to process the transaction or to allow the document number to be associated with multiple lines on a contract.

2. Proper assignment of a DTC by the fund manager is critical to the type of request being created to obtain goods and services. All valid DTCs are listed in Appendix B of this order (published as a separate document).

3. Some of the key DTCs, their purpose, business feeder systems and the forms they are used with are:

<u>DTC</u>	<u>DTC TITLE</u>	<u>FORM/SYSTEM</u>
AM	Spending Allocations	On-Line Allocation Process
CB	Commercial Bill of Lading	Power Track
CC	Credit Card	CitiDirect
DC	Direct Cite	MC to MC reimbursement
MP	Military Interdepartmental Purchase Request	DD-448 WAWF-MP
PT	Printing Request	DD-282 (DAPS order) WAWF-MP
RC	Request for Contractual Services	DD-1149, NAVCOMPT 2276

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RV	Claims for Reimbursement	PR Builder - SPS SF-1164 DTS/WAWF-MP
TG	Request Training Reimbursement	DD-1556 WAWF-MP
TO	Travel Orders	DTS
WR	Funded Reimb Work Request	NAVCOMPT 2275 WAWF-MP

6007. BUSINESS PRACTICES PAST AND PRESENT

1. In past years, fund manager's primary way of obtaining required goods and services involved:

a. Physical creation of an appropriate form (source document) containing all the financial data (i.e. document number, LOA, FIP) and the requirement for the needed goods or service.

b. Obtaining a signature from the appropriate approving official for the request and manually entering a commitment into SABRS.

c. Forwarding the request (guard mail or physically delivering the source document) to the next organization required to take action to obtain the goods or services. This could have been the supply office, contracting office, administration office, etc.

d. Obtaining a physical copy of the next required source document or approving signature that placed the requirement in an obligation status. Fund manager manually entered an obligation into SABRS.

e. The good is received or the service delivered and a physical form for receipt and acceptance was created, signed, and forwarded as part of a payment package to disbursing or DFAS for payment. Fund managers manually entered an expense into SABRS.

f. The payment package is processed by disbursing or DFAS and payment made to the activity that provided the good or service. Liquidation is posted in SABRS.

g. Fund managers were physically updating their source document files through this whole process until completed and, if necessary, manually adjusted amounts in SABRS for obligation and expense to complete the transaction (in SABRS a completed transaction has all amount fields equal for commitment, obligation, expense, and liquidation).



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2. The "old" way of doing business required manual effort to create, track and deliver documentation. This method was prone to errors and mistakes that required a great deal of additional work for fund managers to research and correct.

3. Currently, we maximize the use of approved business feeder systems to create our requirements for goods and services. These systems are interfaced with SABRS and allows for an electronic transfer of information. Basically data is entered once by the originator of the requirement and each successive step of the transaction cycle only requires additional information to allow the transaction to process. This not only saves time but is more accurate for posting of financial information and obtaining the requested goods and services.

#### 6008. KEY BUSINESS FEEDER SYSTEMS

1. The major business feeder systems we use today are:

- a. Procurement Requirements Builder (PR Builder).
- b. Standard Procurement System (SPS).
- c. Wide Area Work Flow (WAWF).
- d. Wide Area Work Flow Miscellaneous Payment (WAWF-MP).
- e. Fuels Automated System (FAS).
- f. Supported Activities Supply System (SASSY).
- g. Direct Supply Support Center (DSSC).
- h. CitiDirect (GCPC).
- i. DOD EMail.
- j. Defense Travel System (DTS).
- k. Power Track.

2. Each system will be discussed in the follow-on paragraphs of this chapter. Details on the purpose of the system, required tables, files, or other data elements that are used to edit and process transactions through the system and SABRS will be discussed.

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Further, the key financial process and internal control check points involved in the correct processing and approval of source transactions through each business feeder system will be addressed.

6009. MARINE CORPS STANDARD FINANCIAL PROCESSES

1. HQMC, P&R (RFA) and Major Commands developed Standard Financial Business Processes to be used throughout the Marine Corps for obtaining required goods and services. These processes cover all financial functions of:

- Authorizations
- Commitments
- Obligations
- Expenses
- Liquidations
- Reimbursable work orders
- Billings
- Collections
- Un-liquidated obligations
- Out standing travel orders
- Problem disbursements
- Travel card reconciliation
- Reconciliation
- Miscellaneous

2. Commands were required to have these processes implemented at the Command level by 1 Oct 2006. The Standard Financial Business Processes are available on the HQMC, P&R (RFA) website.

3. Key to each of these established processes are the required internal control or process control points that require monitoring by fund managers, comptroller officer personnel, and business process owners to ensure adherence with established requirements and source transaction processing mandated by the DOD FMR, OMB, OSD, DON and Marine Corps orders and regulations.

4. Each business feeder system, when implemented and used properly, will have built-in internal controls through separation of duties in the workflow. These include separation of duties for:

a. Requirements Generator. This individual initiates the process by identifying required goods, services, travel, training etc. required to be obtained for mission accomplishment.

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b. Funds Control and Verification. Fund Manager and/or SABRS fund availability check.

c. Approving Official. This individual is in a supervisory or management position within the organization with responsibility of review requirements and determining their validity or need for mission accomplishment. This individual must be above the requirements generator in the organizations chain-of-command.

d. Contract Oversight Technical Representative (COTR). This individual is assigned in writing with responsibility for oversight of vendor performance and government acceptance of that performance for contracts issued.

e. Certifying Official. For some processes, the Marine Corps is responsible for certification of transactions for payment by DFAS. Certifying Officials are assigned in writing and have personal liability for payments made based on their certification of the transaction. Certifying Officials should be separate individuals than approving officials when practical based on the size of the organization.

5. HQMC, P&R (RFA) will convene a Financial Business Process Review Workshop consisting of subject matter experts provided by Commands, during even-number years to analyze changes that have occurred within business and financial processes and apply those changes to the Standard Financial Business Process Flows (SFBPF's). In addition, an analysis will be performed to ensure accuracy, completeness and efficiency of the SFBPF's. HQMC, P&R (RFA) is responsible for the maintenance of the SFBPF's.

#### 6010. PROCUREMENT CYCLE BUSINESS FEEDER SYSTEMS

1. Our current procurement process can be broken into six major functions. Each part utilizes a mechanized business process. The functions are:

a. Requirements Generation. This function is determining that a good or service is required for mission accomplishment and that the source provider will be a private concern requiring contracting action. We process our requirements via the Purchase Request Builder (PR Builder).

b. Requirements Approval. Approving official reviews requirements in PR Builder. Once they approve the requirement, this information is electronically passed to SABRS for a funds control

check. If funds are available the transaction is passed to the contracting system for action.

c. Contract Generation. Contracting officials take the information provided in from the approved PR Builder request and complete their actions of source determination, cost, bid reviews, etc. and approve and issue a contract. The contracting office processes contracting actions via SPS.

d. Vender Invoice Generation. The vendor awarded the contract will provide an invoice for payment once delivery of the contracted goods or services is performed. The vendor will process the invoice via the Wide Area Work Flow (WAWF) system. WAWF gets information from SPS that will contain information from the issued contract to include PIIN, SPIN, CLIN and ACRN data required by the vendor to process the invoice.

e. Government Acceptance. Once the vendor has delivered the contracted goods and services and invoiced the government via WAWF, designated government officials will provide the acceptance for delivered goods or services via WAWF. This completes the required electronic evidence of entitlement, delivery and acceptance to payment.

f. DFAS process the payment for the completed payment package via several automated disbursing systems.

2. Our current procurement process is business system dependant to properly request and ultimately pay for required goods and services. SABRS is provided electronic transactions to update the accounting records through the transaction cycle.

3. Another benefit of "paperless acquisition process" provided by the use of PR Builder, SPS and WAWF is that there are no "manual" source document files to maintain for pending and posted transactions. All the requirements of transaction proof for audit purposes are maintained within the source business systems to support and justify the transaction recordings in SABRS. Fund Manager's should devise a means of tracking these transactions (i.e. log, spreadsheet, database, etc.) until they officially post in the accounting system.

6011. PR BUILDER

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1. PR Builder automates the process by which a purchase request (PR) and reimbursable funding documents (NAVCOMPT 2275 and DD 448) will be generated and routed between the originator, approver, contracting communities and selling activities for reimbursables. Requirements are input into the PR Builder system and are routed to the approving official. Once a PR Builder requirement has been approved, the transaction is sent to the accounting system for a funds availability check. If funds are not available or the financial data is not correct, a negative response is sent back to PR Builder for correction and re-approval. If edit checks are passed a commitment is recorded in the accounting system. PR Builder sends the approved transaction to SPS for contracting action.

2. The key personnel involved in the system and process are:

a. Workflow Manager. Performs the system administration function for users, assigning workflow permissions, ensuring a proper DODAAC is associated with users, etc.

b. Requirements User. Creates and routes purchase request for approval.

c. Approver. Reviews the requirements and specifications. Modifies or adds information as required and approves requirements for continued processing.

d. Fiscal User. Adds the funding data to the request to include the required financial data elements and the correct Object Class and Sub-Object Class Codes. The LOA for the transaction is assigned by SABRS. This function and associated permissions in PR Builder can be granted to the requirements user and combined for processing steps with the initial purchase request.

e. Financial Approver. Ensures the FIP and LOA data assigned to the request is valid. Adds any missing financial data required to process the request. Their approval triggers the interface between PR Builder and SABRS passing a transaction for update in the next SABRS cycle. The financial approver may also serve as the approving official if assigned this function by the workflow manager with appropriate permissions.

3. If edit checks in SABRS - including a fund availability check at the BCN or SRI level - are met, the transaction passed from PR Builder will create a commitment record in SABRS. Once this occurs, an electronic request is passed from PR builder to the Contracting SPS system for further action. An email notification will be sent to the fiscal user informing them of the transaction's status.

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4. If the edit checks are not passed to process the transaction in SABRS a notification or error message is sent to the Fiscal User to correct the transaction for further processing. If errors are not corrected the transaction is not processed in SABRS or passed to SPS for contracting action.

5. One of the keys for edits and processing of a transaction that will be accepted in SABRS is ensuring that the required financial data elements are contained within PR Builder tables and data linked to the user identification.

6. Key process and management control point checks are:

a. Segregation of duty assignments in the workflow. Specifically requestor and approver are different personnel.

b. Proper assignment of fiscal codes in SABRS and PR Builder tables.

c. Request for goods and services meets a bona fide need of the period and uncommitted and unobligated resources are available for the requested purchase.

d. Errors are corrected in a timely manner for reinduction of the transaction into the process.

7. The PR Builder user login screen can be accessed at <https://www.prbuilder.usmc.mil> System details may be obtained once registered or by contacting the support desk.

#### 6012. STANDARD PROCUREMENT SYSTEM (SPS)

1. SPS is the standardized automated procurement system for use by the DOD procurement community. A warranted contracting official receives the PR Builder request and finalizes the contract in accordance with the rules and regulations of the FAR.

2. Upon contract award, SPS sends contractual data to SABRS for recording an obligation by PIIN/CLIIN/ACRN under the SDN of the commitment (SDN associated with the purchase request submitted via PR Builder). The financial data elements are originally derived from the PR Builder document. These elements are validated against the standard data element tables and post to the accounting system with a SYSID (source system identifier code) of SPS. Further, the contract information is transmitted from SPS to EDA to establish a record

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which will be used by WAWF and the vendor to invoice the government for provided goods or services under the issued contract terms.

3. The same contractual information will be transmitted to the entitlement system (CAPS-W) that will be used for prevalidation of payment by DFAS. The contracting data for this transaction is electronically sent from EDA to WAWF for government receipt and acceptance of delivered goods and services and for the vendor to submit a valid invoice for payment. All the contract information can be found in electronic form in EDA (Electronic Document Access) which is discussed in section 6015 of this chapter.

4. Key process and management control point checks are:

a. Ensuring obligation is passed and posted in SABRS once contract is issued in SPS.

b. Validating that the contract is posted in EDA.

c. Validating that the contract information has posted in WAWF-RA for future vendor invoicing and government acceptance actions.

#### 6013. WIDE AREA WORKFLOW

1. WAWF is a secure Web-based system for electronic invoicing, receipt, and acceptance. WAWF creates a virtual folder to combine two of the three documents required to pay a Vendor. Specifically the vendor invoice and the government acceptance/receiving report.

2. WAWF application enables electronic form submission of invoices, government inspection, and acceptance documents in order to support DOD's goal of moving to a paperless acquisition process. It provides the technology for government contractors and authorized DOD personnel to generate, capture, and process receipt and payment-related documentation, via interactive Web-based applications.

3. WAWF helps to mitigate interest penalty payments due to lost or misplaced documents and highlights Vendor offered discounts so that the DOD benefits on both fronts. Further, WAWF stream lines the whole invoice, receipt/acceptance and payment process from weeks to days.

4. We use two different WAWF process currently in the Marine Corps. These are WAWF - RA (receipt and acceptance) and WAWF - MP (miscellaneous payment).

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5. The following websites contain additional information on WAWF:  
<https://wawf.eb.mil/index.html> and  
<http://www.marcorsyscom.usmc.mil/sites/pa/Default.htm>.

6014. WAWF - RA (RECEIPT AND ACCEPTANCE)

1. WAWF-RA is used for invoice processing from the vendor for delivery of goods and services under an awarded contract. The vendor invoice is their request for payment for satisfying all or part of the contract agreement. The Vendor creates an invoice in WAWF by PIIN/CLIIN and DODAAC and submits via WAWF-RA to the Contracting Officer's Representative (COR). A valid DODAAC must be cited as this is a key driver for WAWF.
2. The COR reviews the information submitted by the vendor and supplements the vendor invoice with the SDN (if not entered by the vendor).
3. The COR certifies that the goods and services received by the vendor are acceptable and valid for payment. The acceptance completes the requirements for a payment package and is submitted to DFAS to initiate vendor payment.
4. A complete payment package consists of a valid obligation/entitlement document (in this case a contract), the vendor invoice for delivered goods or services and the government's acceptance of the goods or services.
5. Once the acceptance is processed by the COR, WAWF sends a record of invoice acceptance to SABRS to record the expense transaction for the cited SDN, PIIN, ACRN, etc.
6. Key process and management control point checks are:
  - a. Verification of vendor invoice.
  - b. COR processing acceptance or receipt for invoiced services or items timely to complete payment package for liquidation by DFAS.
  - c. Ensuring an expense transaction is processed and posted in SABRS.

6015. WAWF - MP (MISCELLANEOUS PAY)

1. WAWF-MP was developed as a means of automating the transaction cycle and payment process for miscellaneous transactions that were



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not covered or processed in other business feeder systems or contracts that contain funded CLINs (an example of this is a contract for utilities). Miscellaneous transactions include utilities, UFM program reimbursement to MCCS, background investigations, billeting charges, etc.

2. Miscellaneous Pay is a non-contractual "3n1" transaction containing the required information to support entitlement, ensure government acceptance, and effect payment. The Miscellaneous Pay can be initiated in two forms: Vendor initiated for companies with a CAGE Code or Government Acceptor initiated on behalf of the vendor (ECP 491) or for personal reimbursements. Miscellaneous Payments represent 40% of all invoice transactions in the Marine Corps. The goal of WAWF - Miscellaneous Pay is to accelerate the payment process, reduce late fee payments and eliminate manual data entry fees.

3. For WAWF-MP to work and process miscellaneous transactions properly, an initial commitment record must be established for the expected future payment. To do this, fund managers will utilize PR Builder to create the requirement which will pass a financial record to SABRS for fund availability check and, if all edits are passed on the incoming record, establish a commitment record.

4. Once the commitment is created, either the vendor or a government employee (when the payment is a reimbursement to an individual) will initiate the "invoice" for the transaction. Once the invoice action is complete, the acceptance must be entered into WAWF-MP to accept the receipt of goods or services. Once the acceptance is entered the assigned local processing official (LPO) will validate the financial information for the transaction and process a voucher for payment. The voucher completes the transaction for payment preparation and the transaction is then electronically forwarded to DFAS to process. Further, at the time the LPO processes the voucher and obligation and expense record (OEX) is created and passed to SABRS to update the commitment record.

5. Key process and management control point checks are:

a. Ensuring separation of duties between officials for commitment action, approver, and certifier.

b. Ensuring a commitment is processed in SABRS prior to processing the transaction in WAWF-MP.

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c. Ensuring an obligation and expense are posted in SABRS once the certifying official has performed the transaction approval in WAWF-MP.

6. A user's manual entitled "Marine Corps Standard Operating Procedures Wide Area Workflow Miscellaneous Payments" can be found in the RFA website under "systems - feeder systems - WAWF."

6016. ELECTRONIC DOCUMENT ACCESS (EDA)

1. EDA is a web based front end process to view images of source documents to include contracts, contract deficiency reports, freight GBLs, government transportation requests, and public vouchers.

2. All source documents used for commercial payments (public vouchers) are scanned by DFAS into their Electronic Document Management (EDM) System. These images are made available for access via EDA.

3. EDA is a key process for research of source documents that impact any public voucher processed by DFAS. The link to EDA for requesting a user account and for accessing the system is <https://eda.ogden.disa.mil>.

6017. ADDRESS CODES

1. For several of the automated or mechanized systems we use to obtain goods and services, they process transactions through the Military Standards Logistics System (MILS) process. The MILS process includes requisitions (Military Standard Requisitioning and Issue Procedures (MILSTRIP)) and a payment process (Military Standard Billing System (MILSBILLS)). The key to these systems are a Fund Code, which provides the appropriation data to be charged for obligation and liquidation purposes, and an address code which provides identification of the unit that placed the order.

2. The address code must be unique and must be registered in the Department of Defense Activity Address Directory (DODAAD). Once registered the identifying code is called a Department of Defense Activity Address Code (DODAAC). The DODAAC is registered with three key addresses that allow the mechanized supply systems to identify where to ship ordered items and where to process the bill for the goods ordered. These addresses are referred to as the TAC1, TAC2, and TAC3 addresses assigned to the specific DODAAC. The addresses signify:

- a. TAC 1. Unit's mailing address.
- b. TAC 2. Unit's address for large shipments.
- c. TAC 3. Billing address (for USMC this currently is DFAS-CL).

3. The DODAAC is loaded to SABRS table 208 and is used in the MILSTRIP process and the associated billings for delivered goods routed by item managers via the Defense Activity Addressing System Center (DAASC). Entries on the 208 table must match the data loaded for that DODAAC in DASSC. DAASC is the "hub" for electronic routing of all MILS type transactions. To find out additional information on DAASC users should go to <https://www.daas.dla.mil>.

#### 6018. FUELS AUTOMATED SYSTEM (FAS)

1. Most of the fuel obtained by a unit to operate vehicles, generators, etc. is obtained from the Defense Energy Support Center (DESC), a subordinate command of the Defense Logistics Agency (DLA). DESC controls all fuel operations for all DOD agencies. Whether in garrison or deployed, the fuel farm or pumping stations are DESC owned.
2. A VOYAGER fuel card or Fuel Key is required by the unit to use the fuel farm. This will be based on the type of pumps used at the installation. The VOYAGER card should be accepted at commercial fuel stations. The VOYAGER card contains the units DODAAC (which will be used in the supplementary address field of the record and used as a key for table 030 to find the appropriate financial data elements to process the transaction in SABRS) and an appropriate Fund Code for billing purposes to charge the unit for the fuel they obtain. The Fuel Key is electronically coded with a unique serial number that will point to the units DODAAC and Fund Code. The fuel card or key information is entered into FAS and used for monthly billings to the unit in the form of an Interdepartmental Bill (IDB). The IDBs are processed in accordance with MILSBILLS standards and will have DIC beginning with "FJ."
3. Each time the card is used at the fuel farm, FAS creates an electronic record of the purchase and passes this transaction to SABRS. SABRS uses table 030 to obtain the required financial code information to post the obligation transaction.
4. If a match for the MAC and DODAAC in the supplementary address field are found, the incoming record picks up the fiscal data element information and a commitment, obligation and expense transaction

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(COE) is posted in SABRS with a system identification code (SYSID) of BSME. Transactions may also process via a UDAPS interface with SABRS. The monthly IDB processed will "marry up" with the COE record in SABRS based on the transactions MILSTRIP document number.

5. FAS is a "purple" or DOD system. If a command's financial data is not entered in this system and associated with the fuel card or key, SABRS will not get a record to process the obligation for the fuel charges. However, the Marine Corps will still get a billing based on the DODAAC on the card or key.

6. Key process and management control point checks are:

a. Ensuring FAS is updated with correct data elements (i.e. DODAAC, Fund Code, etc.) to ensure an electronic transaction is passed to SABRS to commit, obligate, and expense the fuel purchase.

b. Ensure SABRS is receiving electronic records from FAS for processing. Ensure that SABRS is receiving IDBs (at least monthly) for previous FAS purchases.

c. Ensure VOYAGER card is only being used to purchase fuel for authorized vehicles and only authorized personnel are allowed to check the card out for use.

7. Further information about FAS can be obtained on the DESC website of: <http://www.desc.dla.mil/default.asp>.

#### 6019. SUPPORTED ACTIVITIES SUPPLY SYSTEM (SASSY)

1. SASSY is the automated information system that supports the retail (intermediate and consumer) level of U.S. Marine Corps supply. SASSY provides the retail supply accounting functions (e.g., stock replenishment, requirements determination, receipts, inventory, stock control, and asset visibility for all U.S. Marine Corps units).

2. SASSY processes requisition and receipt using MILSTRIP transactions. Keys to all requisitions processed via SASSY into SABRS are the units DODAAC contained within the document number and the using unit's Job Order Number (JON) entered in the requisition. SASSY will process this transaction in one of two ways into SABRS:

a. Free Issue From Stock. Item is currently within the SMU inventory and is issued to the requesting unit. This transaction will not have an impact within SABRS on the units direct funding.

b. Not In-Stock, Passed to Source of Supply Item Manager. Item is not in inventory at SMU, they will order the item through the MILS process, citing SMU direct funds. This transaction creates an obligation against the SMUs direct funding and reduces their available balance for future purchases of goods and services. This transaction uses the 0F2 table to pick up required financial information for posting the commitment and obligation in SABRS.

3. Key process and management control point checks are:

a. Ensure required data elements identifying the unit are loaded to SABRS table 0F2.

b. Ensure transactions are passed and properly posting in SABRS after SASSY update cycles.

4. The reference for SASSY processes and procedures is UM 4400.124 CH4 FMF SASSY Using Unit Procedures Manual. Refer to the Defense Automated Addressing System website for additional information:  
<https://www.daas.dla.mil/daashome/>.

#### 6020. DIRECT SUPPORT STOCK CONTROL (DSSC)

1. A DSSC is established at installations to provide material support for low-cost, fast-moving commodity areas and general support items such as office type supplies, cleaning supplies, etc. Authorized customers are issued a "DSSC Card" that they use when purchasing items from the DSSC.

2. When units require items that are carried at the DSSC a "shopping list" is created. The shopping list contains a rough estimate of the items, quantities, and cost of goods to be obtained at the DSSC. The list is normally submitted to the fund manager for approval prior to shopping. The approval is basically an internal funds availability check prior to obtaining the goods.

3. Upon funding approval, a unit DSSC card is provided to the individual to go to the DSSC and obtain the required items. The DSSC card is the key for processing the financial transactions into SABRS. Each DSSC card contains key information used within the DSSC system and the record passed to SABRS to post the financial event. The information contained on the card includes:

a. Unit DODAAC code.

b. Fund Code.

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## c. Job Order Number.

4. The DSSC system will assign a document number to the purchase (either by individual item/quantity purchased or a "bulk" transaction that rolls the total of all the items into one document number for posting to SABRS. Once the DSSC system processes the purchases, a data set of transactions is provided to SABRS for inclusion in a cycle update. SABRS will use the 0F2 table below to append the required fiscal data elements to the transaction to post.

5. The transaction(s) post into SABRS as a commitment, obligation and expense with a DIC of B7A and a system identifier code of DSSC. The liquidation for the transaction(s) is an IDB processed by the DSSC system. The IDB will post based on the MILSTRIP document number of the B7A transaction previously posted in SABRS.

6. Key process and management control point checks are:

a. Ensure DSSC cards are issued only to authorized personnel.

b. Ensure that appropriate approval process occurs prior to making DSSC purchases.

c. Ensure data elements for the DSSC card are properly updated in SABRS table 0F2.

d. Ensure proper posting of DSSC B7A transactions occur in SABRS after purchases occur (should occur within 2 SABRS cycles).

e. Ensure proper posting of IDB transaction to liquidate B7A commitment, obligation, and expense record in SABRS.

6021. GOVERNMENT WIDE COMMERCIAL PURCHASE CARD (GCPC)

1. The GCPC is a procurement method for official government use for "micro-purchases" and is mandatory for commercial purchases meeting the micro-purchase thresholds of \$3,000 for supplies and \$2,500 for services. The program is managed and administered through the unit's local Regional Contracting Office (RCO). Cards are requested and assigned to users once internal command authorization is granted by the command's agency program coordinator assigned within the contracting office. Only trained government employees with delegated contracting authority are issued GCPC cards to make micro-purchases.

2. The Navy and Marine Corps use Citibank's VISA Card as the contract vehicle for the government purchase card. Merchants who

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accept the card are paid via a streamlined payment process with payment usually received within 24 to 48 hours.

3. The process and management control process for use of the GCPC is:

a. Card holder determines requirements and source for the materials and/or services required.

b. These requirements are forwarded to the assigned approving official of the card holder. Once the purchase is approved, the card holder makes the purchase.

c. The financial event is electronically recorded in SABRS via Citibank using Citi-Direct.

d. The purchase history of the card holder is annually or randomly audited and reviewed by the contracting office's GCPC program coordinator to ensure purchases meet the requirements of valid purchases as outlined in the program directives. The I&L website at HQMC under the contract branch (LB) portal contains detailed guidance concerning the use and management of the GCPC program.

4. There are two types of obligation capabilities built into the Citi-Direct system. The Agency Program Coordinator (APC) may request either the bulk funding option or the transaction obligation option when the account is established for a card holder.

5. Transaction obligation option:

a. Each credit card is assigned a default line of accounting (LOA) and FIP in the Citi-Direct Card Management System. Whenever the card is used and subsequently processed by the vendor, Citi-Direct submits an electronic obligation to SABRS for the amount of the purchase. The document number is assigned by Citi-Direct and will contain a document type code of "CC". All purchases made for a given billing cycle (ex. 21 March 2008 through 20 April 2008) will be assigned the same document number and default LOA/FIP.

b. In instances where credit card purchases are centralized and purchases need to be redistributed to charge different departments or divisions, the card holder has the ability to re-allocate each charge from the default FIP to an alternate FIP. When a transaction is re-allocated from the default FIP to an alternative FIP, Citi-Direct submits a credit obligation to the original document number and default FIP and submits a new obligation and document number

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containing the alternate FIP (again, one document number per LOA/FIP combination per billing cycle). Re-allocations can be done anytime during the billing cycle, but must be completed prior to monthly certification.

c. Citi-Direct transactions are edited against SABRS Table 302 to validate the financial elements of the incoming record. If edits are passed, the transaction is posted in SABRS as a commitment, obligation and expense (COE). The record will appear on the daily update report with a system identification code (SYSID) of "CRC."

6. In the bulk funding option, Citi-Direct posts an obligation under a system generated SDN at the beginning of the month to the default card holder LOA for the entire monthly authorized credit limit assigned to the card holder. SABRS will utilize the 302 table to validate the financial elements of the incoming transaction and post a commitment, obligation and expense (COE) in SABRS. As the cardholder makes purchases, Citi-Direct will track these purchases, totals them at the end of the month and creates a credit transaction for SABRS to reverse any unused balance previously obligated for that card holder. A new bulk obligation is generated for the next month.

7. The cardholder/fund manager is responsible under the GCPC program to:

a. Ensure supporting documentation is maintained to support each GCPC purchase.

b. Track GCPC transaction via SABRS Daily Transaction Report.

c. Ensure funding types (e.g. bulk or transactional) are correct for each GCPC account.

d. Monitor available fund balances to ensure funds granted are not over-obligated by purchases made via the use of the GCPC card.

e. Ensure funds are executed for valid requirements authorized under the GCPC program.

f. Maintain and monitor supporting documentation files and records for the required retention per reference (d).

8. Monthly, the cardholder must reconcile the details of the purchases made prior to certifying the billing statement for payment. Citibank online statements provide all posted transactions within the designated billing cycle. Once the cardholder has validated all charges, credits, disputed transactions, etc. they alert the



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approving official that the statement has been reconciled and ready for certification. The approving official certifies the cardholder statement. Certifications are done using Citibank direct.

9. For additional information refer to the I&L LB website, your contracting office program manager, or your comptroller office. Further information on the CitiDirect Card Management System can be found at the following website:  
<http://www.cards.citidirect.com/welcome.asp>.

#### 6022. DOD EMALL

1. DOD EMALL is an internet based electronic mall, which allows military and authorized government customers to search for and order items from government and commercial sources. DOD EMALL is a Department of Defense program operated by the Defense Logistics Information Service (DLIS). All users are required to register and be authenticated and authorized by a DLIS Access Administrator.

2. DOD EMALL contains access for ordering National Stock Number (NSN) items managed by DLA. Further, DOD EMALL contains commercial vendor catalogs for supplies and services which have been pre-negotiated and contracted by DLA. Customers may order these goods and services and pay for them through GCPC only. DOD EMALL has been instructed to disapprove any orders from USMC commands procured with a DODAAC and Fund Code at this time until a proper interface with SABRS can be established. Once an interface is established between DOD EMALL and SABRS, RFA will publish separate guidance on the use of DOD EMALL using the commands DODAAC and Fund Code as a means of funding the purchase transaction.

3. Further information on DOD EMALL can be found on the DLIS website at <http://www.dlis.dla.mil/emall.asp>.

#### 6023. DEFENSE TRAVEL SYSTEM (DTS)

1. DTS was established to meet the requirements for a single, paperless Temporary Duty (TDY) travel management system to be used by all DOD travelers.

2. DTS is an electronic end-to-end process that allows traveler's to make automated transportation and lodging arrangements, estimate travel costs, authorize travel, obligate funds, issue tickets, process vouchers for reimbursement and reconciliation, and meet financial and management reporting requirements.

3. DTS is the official travel system for DOD and the Marine Corps. DTS is the replacement for the SABRS travel order writing module.
4. The key personnel involved in the DTS system and process are:
  - a. Lead Defense Travel Administrator (LDTA).
  - b. Organizational Defense Travel Administrator (ODTA).
  - c. Traveler.
  - d. Approving Official.
  - e. Certifying Official.
5. The LDTA is responsible for program management and sustained operation of DTS at the command level. The LDTA is essential to sound site management and ensures program compliance with all financial regulations and practices concerning temporary travel. The LDTA manages:
  - a. Roles and permission levels.
  - b. Maintenance of traveler profile information (mailing addresses, phone numbers, clearances, government travel card numbers, banking information, etc).
  - c. Adding, detaching, and deleting employees command wide.
  - d. Establishment and oversight of the organization routing, approving, and certifying officials.
  - e. Implementation of all DTS and regulatory changes impacting temporary duty travel.
  - f. Problem resolution, reporting, and follow up to Tier 3 Help Desk.
6. The ODTA is responsible for administration of DTS at the organizational level.
  - a. Establish the personal traveler information for their group members.
  - b. Assign group access, permission levels within the group and the default routing list or document flow from traveler to approver to certifier.

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c. Establish budget amounts within DTS (this function can be performed by LDTA, ODTA, Finance Defense Travel Administrator (FDTA), or Budget Defense Travel Administrator (BDTA) depending on the commands DTS hierarchy).

7. Once user (travelers) profiles are established within a group by the ODTA, the traveler can access DTS to make their requests for travel. DTS allows the traveler to create reservations for air travel, rental car and hotels when creating the travel request. Once the traveler has completed all required information within DTS, the information is forwarded via the Commercial Travel Office (CTO) and Transportation Management Office (TMO) to the Approving Official for review.

8. CTO and TMO complete the airline booking then releases the record for routing in DTS culminating in approval. Approving officials established with the travel group will receive an email notification from DTS that a set of travel orders are ready for review and approval. Approving official enters DTS, reviews the travel request and estimated entitlements the traveler entered and makes changes if necessary and approves or disapproves request.

9. Once the Approving Official has completed their actions an electronic transaction is passed to SABRS from DTS to establish a commitment and obligation record for the TDY. DTS will generate the SDN assigned to the transaction and use the LOA, based on the accounting label assigned to the group and traveler profile to complete the SABRS record. Fund Managers will see this record on their SABRS daily update reports. When the transaction is processed to SABRS a funds availability check will be performed. If sufficient funds are available at the BCN or SRI level, the transaction will process. If not an error message will be provided requiring the fund manager to obtain additional funding to process the transaction.

10. Once the TDY is completed, the traveler goes back into DTS and creates a voucher from the authorization for the travel. Part of the settlement voucher process will be adding a PDF file of the major receipts (Hotel, rental car, etc.) to the settlement (If scan capability is not available, the receipts can be faxed to DFAS). Once the settlement information is entered and the record completed, it is forwarded to the certifying official for review and approval of the claim.

11. Certifying officials are informed by email that a settlement claim is available for review and certification in DTS. The certifying official enters DTS, reviews the travelers claim and